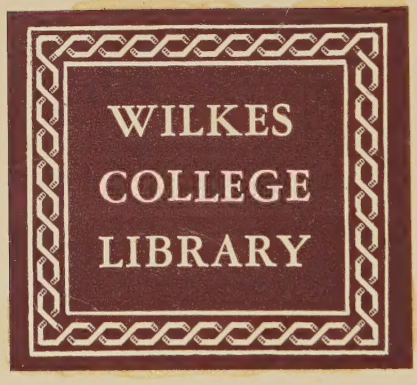
AMERICAN TARIFF CONTROVERSIES IN THE NINETEENTH CENTURY

EDWARD STANWOOD


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AMERICAN TARIFF CONTROVERSIES IN THE NINETEENTH CENTURY

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BY

EDWARD STANWOOD
LITT. D. (BOWDOIN)

IN TWO VOLUMES

VOLUME II



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AMERICAN TARIFF CONTROVERSIES IN THE NINETEENTH CENTURY

AMERICAN TARIFF CONTROVERSIES IN THE NINETEENTH CENTURY

XI

A RECURRENCE TO PROTECTION

The year 1833 marks the change from a protective system as a permanent policy to a policy of steady approach to free trade. It also marks the change, for some years impending, from rational and conservative to reckless and destructive public finance, and from comparative prudence on the part of the business community to wild speculation. The errors of the epoch, whether we regard them as results or merely as related accompaniments of the new tariff policy adopted in 1833, are so interwoven with the controversy now under examination that they must be rehearsed and studied before a correct view can be had of our main subject.

The war upon the Bank of the United States, which was begun during Jackson's first term, and which was the first manifestation of the new order of things, was in a certain real sense the origin of the direful evils that afflicted the country during Mr. Van Buren's administration. Under the fiscal system adopted when the second Bank of the United States was organized, in 1816, the people had the soundest and most stable currency they had ever enjoyed. The government finances were discreetly and safely managed, without loss. The national

investment in the stock of the bank yielded a large and profitable return, and in the end the capital was refunded in full. The power of Congress to charter the bank had been most explicitly affirmed by the Supreme Court. It is not necessary to inquire into the original motive of the President in beginning the war upon the bank; no motive could be high enough to justify the reckless acts in which he manifested his hostility. It is quite sufficient to know that the accusations against the solvency of the institution and the security of the public funds were not only disproved upon an investigation made by a committee in whose report the President's own supporters in Congress joined, but were triumphantly refuted by the liquidation of the indebtedness to the government and by the continued solvency of the bank, in spite of the ferocious attack made upon its credit, until, under a State charter, it departed from its former safe and conservative policy.

Opposition, and a complete exposure of the causelessness of the assault, only increased the virulence and determination of the assailant. If there was good ground for the allegation that the bank was too potent in politics and too much inclined to employ its power, the remedy was in the hands of Congress, in drafting a new charter; and the Congress which passed the act continuing the existence of the bank was controlled by the President's party. But the President was resolved to "destroy the monster," and vetoed the act of recharter in such terms as to make it evident that no bill continuing the existing or creating a new bank would receive his approval. He interpreted the election of 1832 as giving popular sanction to his course in the matter. No doubt it was so; at least it was a repetition with added emphasis of the "Hurrah for Jackson!" cheer which had brought him into power. The encouragement to proceed which he deduced from his political triumph — a somewhat too radical assertion of the infallibility of a popular majority in matters of bank-

ing and currency — confirmed him in his purpose to remove the government deposits from the Bank of the United States. The removal, waiving the question whether it was wise and necessary, was performed with a rudeness and a disregard of consequences that may be likened to the amputation of a man's limb with an axe. It gave a rude shock to credit, and made the finances of the country, the most delicate department of the government, the sport of politics.

The public money was distributed among chosen banks in various parts of the country, a disposition of it that had two evil results, of which that of favoritism in the selection of the banks was less important than the other. The requirement that the banks which were allowed to hold public deposits should maintain a specific proportion of their liabilities as a reserve was made an excuse by other banks to pursue a less conservative policy. Banks were organized upon a basis of debt rather than of capital, excessive issues of notes were made, there was brisk competition for loans between sound and unsound banks, and the inevitable results of inflation ensued.

One of those results was an almost unexampled fever of speculation. It was made possible by the exceeding prosperity that prevailed from 1828 until 1837, which had made the community feel rich enough to indulge a passion for over-investment. The means were at hand, as has just been remarked, in the banks which were eager to put their unsupported notes in circulation. The most conspicuous form of speculation was enormous purchases of public land, which changed hands again and again at advancing prices and bore a constantly increasing burden of debt. The South, for its part, fancied that there was an unlimited demand for cotton, and extended greatly the planting area. Importations were almost doubled in a few years. The average value of foreign merchandise imported in the five years 1826–30 was 72 millions annually; in

the five years 1833–37 it was 130 millions. Comparing the least with the greatest amount in one year, the importations were valued at 62¾ millions in 1830, and 176½ millions in 1836. The large reduction of duties by the act of 1832 and the progressive reduction under the terms of the compromise act, no doubt led to an increase of the consumption of foreign luxuries and hastened the dissipation of the wealth accumulated in the early part of the period. It also diminished the revenue, according to the intent of the act. Indeed, the receipts from customs, the only taxes laid by the government, averaged but 17½ millions a year during the four years 1834–37, whereas the ordinary expenditures averaged 26 millions. The deficiency was much more than made up by receipts from the sales of public lands which, during the same four years, averaged almost 13 millions.

The situation became acute in 1836. The receipts from sales of land in 1835 had reached the enormous amount of 14¾ millions; but in 1836 they were swelled to almost 25 millions. The customs receipts in the two years amounted to 43 millions, and the gross receipts from all sources, including land, to 86¼ millions. The gross expenditures during the same period were only 48 millions. The public debt was extinguished. Mr. Calhoun, early during the session of 1835–36, estimated that at the end of 1836 there would be in the Treasury a balance of $66,000,000, an excessive sum, not one dollar of which could be restored to the people, since the only legal outlet for it was in the discharge of current obligations; and the revenue was constantly exceeding the demands upon it. In this situation Congress resorted under Mr. Calhoun's leadership to the expedient of depositing the surplus revenue with the States. Jackson had originally suggested this method of disposing of an excessive surplus, in his first annual message.[1] He proposed that the Constitution be so amended as to

[1] "Messages and Papers," vol. ii. p. 452.

authorize the distribution of the surplus among the States, for the purpose of making internal improvements. An amendment (offered by Mr. Calhoun and adopted by both branches of Congress) to the act of June 23, 1836, provided that the surplus revenue in excess of five million dollars remaining in the Treasury at the end of each year, should be "deposited" with the States in proportion to their representation in Congress. The prospect seemed so rosy that there was little doubt in the minds of the members that the revenue would continue to be sufficiently large to render unnecessary a demand for the return of the sums deposited. Provision was nevertheless made in the act for restoration of them in case of need. That without the proviso the act could not have been passed and would not have been signed is not altogether conclusive evidence against the intention of a majority of members to make the nominal deposit an actual gift to the States. At all events Congress subsequently forbade the Secretary to call upon the States for a return of the deposit; and the sums were long ago charged off on the Treasury books as unavailable. But in the lean years which followed the distribution, when the Treasury was living from hand to mouth on the proceeds of treasury notes and loans, the amount distributed was always reported as forming part of a fictitious "surplus in the Treasury." The first instalment, one fourth, of the deposit was paid to the States in January, 1837; the second in April, the third in June; the fourth was never paid. Two of the instalments were paid in specie or its equivalent, the third in paper. By that time the great panic had come. A law was passed postponing the fourth instalment until 1839, and then the law providing for the distribution was repealed. The amount "deposited" was thirty-seven millions.

Although the original measure and the failure to compel repayment by the States have often been severely

criticised, the justice of the criticism is open to serious question. It is much easier to pronounce condemnatory judgment upon Congress than to suggest an alternative course that would not have been followed by a train of evils. It is essential to a correct study of the problem presented to the statesmen of the time to remember that the surplus did not result from excessive taxation but from a sale of property. A reduction of duties was taking place already at a rate as rapid as the industries protected by the tariff could endure; and an additional ten per cent. was about to be deducted. Public opinion was immovably opposed to an increase of the price of public land, the only means of restricting the receipts from that source. The redundant revenue had already brought about a liberality in making appropriations which was seriously disturbing the minds of those who believed in economy, as well as preached it. They foresaw that when the craze of land speculation had spent itself, and when the nation was forced to fall back upon the ordinary every-day revenue from customs, it would be impossible to continue expenditure on so large a scale. But what was to be done with the inconvenient surplus? It would not do to retain it. Upon a full consideration of the circumstances the disposition actually made of it seems as little objectionable as any that can be suggested even by those of us who are wise after the event.

Many writers have regarded the "specie circular" as the immediate cause of the terrible convulsion of 1837. Mr. Webster presented that view in numerous speeches both in Congress and throughout the country. In some of his less carefully prepared utterances he ascribed more influence to that executive act than the facts warrant; for it is evident that of itself, the condition of the business and banking community being sound, the circular could not have produced general bankruptcy. The history of the circular may be told briefly. It was a favorite

measure of Mr. Benton, who introduced in the Senate a resolution directing that all payments for public land must be made in coin. The resolution received no vote save his own; but after Congress had adjourned an executive order was issued by the Treasury Department requiring specie to be paid for land. It was justified as being in accordance with imperative existing law; to which there was the ready answer that, if the law so commanded, it had been a dead letter during the administrations prior to that of General Jackson, and during more than seven years of his own term. The order was issued precisely at the moment when compliance with it was most difficult. Applied as it was to all payments, it imposed a new burden upon those who had bought land upon credit. After the mischief had been done, — assuming, but not asserting, that the specie circular caused the mischief, — the plea was put forward that the order accomplished a useful purpose in discouraging the prevailing wild speculation in land. No doubt it had that effect; nevertheless that was not the avowed nor the understood motive of it when it was issued, and even so good a reason does not justify the imposition of new conditions upon purchasers. Whatever good the circular may have done in checking the sale of land was certainly more than offset by the effect it had in increasing the monetary stringency during the closing months of 1836. It wrought nothing but evil after the end of that year. Mr. Van Buren, with a natural and human disinclination to admit a mistake, refused to withdraw or to modify it, even when the united voice of the sorely stricken merchants and bankers of the country besought him to afford relief.

As early as December, 1836, the monetary pressure in New York was great. In January, 1837, and again in April, the severe strain of transferring one fourth of the surplus revenue from the deposit banks to the State treasuries was added to the previous stress. At this juncture

an almost sensational decline in the market price of cotton, due to reckless over-production, caused the failure of a leading firm of cotton factors in New Orleans, with liabilities amounting to millions of dollars. It was like touching a lighted match to a vessel filled with an explosive compound. Within two or three weeks specie payments had been suspended by all the banks in the country. Mercantile paralysis, general bankruptcy, a rapid and ruinous fall of prices, and industrial stagnation followed, and the pinch of hard times was everywhere felt.

It will have been observed that in the review of the progress of events that led up to the revulsion of 1837, no reference has been made to the tariff as even a secondary cause of the disaster. It is not intended to deny that the gradual reduction of duties may indirectly and in a minor degree have had a contributory influence. That it led to increased importations must be admitted, although at the time the catastrophe occurred only two tenths of the excess of duties over twenty per cent. had been taken off; and the expansion of that branch of the foreign trade was a manifestation of the extravagance of the times. But no candid student of history will hold that the tariff act of 1833 had even a slight direct influence, by an injurious effect upon domestic manufactures, in bringing on the crisis. The evidence is necessarily of a negative character, but it is conclusive. The fact that manufactures were flourishing up to the time when the financial storm burst, as all authorities admit that they were, is all-sufficient.[1] It may not be altogether safe to attribute great importance as corroborative evidence to the absence of

[1] Mr. Clay asserted it, although not expressly of manufactures, in a short speech in the Senate on January 27, 1837, in protesting against a bill changing the rates of duties. "I have risen at once," he said, "promptly to declare that I shall oppose, so far as my voice and my vote can go, this disturbance of the compromise arrangement made in March, 1833, under which the country has flourished in an unparalleled degree" (Niles, vol. li. p. 356).

contemporary assertion that the tariff was even a subsidiary agent in causing the disaster; but it is surely not quite without significance that no such assertion has been discovered in the speeches and writings of the time.[1] Then, as now, public men sought for the explanation of public evils in the recent misdeeds of their political opponents. The party in power ascribed all the current misfortunes to the bank; the opposition, to the war on the bank and the specie circular. Both parties were responsible for the compromise act and neither of them had a plan to change it. Consequently there was no political motive to find in it the cause of the crisis. The discovery that the lowering tariff was the origin of the evil was an afterthought, as was also the counter-discovery by the free traders that high duties and a too tardy process of reduction explained the evil. Taussig says[2] that the protectionist contention is derived wholly from the writings

[1] Nor is it without significance that Daniel Webster, in whose eyes the compromise act was not sacred, openly sneered at the idea that blame was to be laid on the tariff. "No doubt we shall hear every cause but the true one assigned for the present distress. It will be laid to the opposition in and out of Congress, it will be laid to the bank, it will be laid to the merchants, it will be laid to the manufacturers, it will be laid to the tariff, it will be laid to the north star or to the malign influence of the last comet whose tail swept near or across the orbit of our earth, before we shall be allowed to ascribe it to its just, main causes, — a tampering with the currency and an attempt to stretch executive power over a subject not constitutionally within its reach." (Speech at Wheeling — Niles, vol. lii. p. 206.) Mr. Webster continued to hold the opinion that the operation of the tariff had not been injurious to manufacturers. He said in the Senate, March 12, 1838, that he had steadily opposed the compromise of 1833, but "should not be disposed to interfere with it until a case of clear necessity should arise." Then he should "concur in any alteration of that act which such necessity may require. That such an occasion may come I more than fear. I entertain something more than a doubt upon the possibility of maintaining the manufactures and industry of this country upon such a system as the compromise act will leave us when it shall have gone through its processes of reduction. All this, however, I leave to the future."

[2] "Tariff History," p. 116.

of Henry C. Carey; and nothing has been found to contradict the assertion.

A crisis like that of 1837 is always and inevitably followed by a period of "hard times." Hard times are the times when men are saving a part of what they earn; good times are when they are spending or investing their accumulated earnings. A shock to mercantile credit by an unexpected failure, involving loss to many creditors, reveals the fact that the surplus has been exhausted — that surplus which secured credit to borrowers. All business which is dependent on credit, that is, by far the largest part of manufactures and trading, is strangled at once. The frantic attempts of men who value their mercantile honor to realize upon their assets involve the sacrifice of them at any price for ready money. General liquidation ends in wholesale bankruptcy, an excessive fall in the prices of commodities, and complete stagnation. After a more or less prolonged period of depression and cautious trading, business revives. There is apt to be an oversupply of goods for a long time after a financial crash, causing continued low prices. Economy in purchases, combined with a scale of prices that favors buyers, results in a renewal of saving, which continues until the accumulation suggests to one and another that "good times" are coming; and soon a new "boom" begins.

Such was the course of events after 1837. The period of depression was a long one, for there were unusual and artificial obstacles to recovery. The attitude of the national administration and the sentiment of the people were hostile to all banks, although at that juncture the sound banks might have done much to ameliorate the situation. Moreover, although the reduction of the tariff up to 1837 had brought manufactures little or no harm, the cutting off an additional tenth of the excess above twenty per cent. at the end of that year, and of a fourth tenth after 1839, with a prospect of a drop of the other six

tenths in January and July, 1842, caused the most gloomy apprehensions. If we may liken the crisis of 1837 to a blow from a bludgeon on the head of the domestic manufactures, the operation of the tariff may represent a process of accelerated starvation which rendered hopeless the recovery of the patient, who then more than ever needed the accustomed nourishment. The prospect was rendered more dismal by the attitude of men and parties with respect to the compromise act. There had been, as it were, an exchange of vows that the settlement effected by that law should stand. The act of 1833 was not more sacred or more irrepealable than any other measure passed by the same authority; but the circumstances in which it was passed imposed it as a point of honor upon certain influential statesmen to oppose a change until the expiration of the period at the end of which it was to come into full effect, that is, until the year 1842. Mr. Clay was of course the person who was most strongly bound to resist alteration. Mr. Silas Wright had supported the measure; and yet, in 1837, he introduced a bill in the Senate to reduce duties and add to the free list. It was on this occasion that Mr. Clay repeated his determination to contest any change in the tariff, quoted on a preceding page.[1] There were several attempts to disturb the arrangement of 1833; but they were all futile, and need not be mentioned more particularly. After the crisis of 1837 it would have been reckless finance to reduce duties, — since there was every year a deficit which had to be made good by issues of treasury notes,[2] — and would have been an act

[1] Page 8, *note*.

[2] An issue of $10,000,000 in treasury notes was authorized at the extraordinary session of Congress in September, 1837; the full amount was issued. In January, 1838, while the nominal balance in the Treasury was $37,327,252, there was an available balance of only $1,118,393. The rest consisted of the amount deposited with the States, $28,101,645, of the balances in suspended or insolvent banks, of bonds given by merchants for duties on imports, difficult or impossible to collect, and of other items. The issue

of wanton cruelty to the manufacturers. On the other hand, so long as Mr. Van Buren was President it would have been useless for Congress to pass an act increasing duties. The situation was greatly improved by the result of the famous election of 1840. The victorious Whig party represented a great variety of political views, and was rather a group of factions than a unified organization capable of forming and carrying on a forward, aggressive policy. Nevertheless it is probable that if General Harrison had lived, much of the financial legislation of the preceding eight years would have been reversed. Be that as it may, the death of the President and the succession of Mr. Tyler raised in the path of the Whig leaders in Congress an obstacle which they were not able to surmount. The measures which escaped the veto were such as one who had always been a State Rights Democrat could conscientiously approve. Mr. Tyler was a good Whig in opposition, but he never pretended to be a partisan of the bank, nor to favor a protective tariff, nor to be a supporter of any of the measures which the Northern Whigs hoped to pass when they should succeed to the power. It is, however, not with the general political history of the Tyler administration, but only with that part which pertains to the tariff, that we have to deal.

The Twenty-seventh Congress, summoned by President Harrison to meet in extraordinary session, assembled at Washington on May 31, 1841, nearly two months after Mr. Tyler had assumed the office of President. In his first message the new President laid before Congress a fiscal problem of the most sensational character. The available sum in the Treasury subject to draft was only

of treasury notes in 1838 was $5,709,810; in 1839 it was $3,857,276; in 1840 it was $7,114,251; and in 1841 it was $7,529,063. That was not the end of deficits or of borrowing; but we need not carry the statement further. For a concise statement of the financial expedients of this era, see "The National Loans of the United States," by Rafael A. Bayley (Government Printing Office, 1881. Prepared for the Tenth Census).

$645,000. The anticipated receipts before the close of the financial year, September 30, were estimated thus: customs, $12,000,000; lands, $2,500,000; miscellaneous, $170,000; total, $14,670,000. Estimated deficit, $11,406,133. Allowing for the issue of the whole amount of treasury notes authorized by the act of the last session, the funds in hand and to be anticipated from all sources, would fail, by the sum of $4,845,000, to meet the appropriations. The receipts from customs during the calendar year 1840 were just under 13½ millions, and the receipts from all sources except treasury notes were 19½ millions; expenditures during the same year, $24,140,000. And a serious reduction of duties, in two instalments, was to take place within the next thirteen months. Yet the President, while telling Congress that "an intelligent constituency will without hesitation submit to all necessary burdens," gave warning that "the compromise act should not be altered except under urgent necessities which are not believed at this time to exist." It would be interesting to know what Mr. Tyler would have regarded as a necessity sufficiently urgent to justify the laying of profane hands on the compromise act if the circumstances which he detailed to Congress did not demand it. But he neither relieved the natural curiosity of Congress on that point nor suggested a source from which the money was to be obtained to meet current expenses.

Congress was so much occupied with other matters — chiefly with the incorporation of a "fiscal bank," which encountered the executive veto — that it did not devote much time to the provision of revenue. An act was passed levying a duty of twenty per cent. on all merchandise previously free or paying less than twenty per cent., except certain specified articles. By this act the duty was raised upon spices, earthenware, and a great variety of other articles most of which were of no great importance. As it was first reported by Mr. Fillmore, from the Committee of

Ways and Means, it imposed a duty upon tea and coffee, the revenue from which would have been of great value in covering the deficiency. The House rejected an amendment — ayes 57, noes 112 — to exempt them from duty; but this vote was taken in Committee of the Whole, wherein individual votes are never recorded. Only ten senators were courageous enough to answer *no* on the roll-call, when the same amendment was proposed in the Senate; the affirmative vote was 39. The yeas and nays were taken in the House on concurring in the amendment, and the vote in favor of free tea and coffee was 178 to 7.

It is not important to give in detail the history of the bill. In spite of the perilous condition of the Treasury, the members themselves regarded the measure as of little consequence. It was not taken up in the House until the 24th of July, and was debated less than a week. When it got into the Senate it was delayed until the 27th of August and was passed on the 31st. Mr. Calhoun charged that it was purposely delayed until the "Distribution Bill," to be mentioned presently, had been signed by the President. Whether this was so or not, the use of the bill as a make-weight in the Whig contest with Mr. Tyler, which had already begun, is evident in the debates. One might suppose that the situation of the Treasury, which was set forth by the President at the beginning of the session, would have led the members on both sides in politics to take a broad view, — to admit that the times called for an addition to the taxes. They should have been willing to advance the rate of duties on the articles already taxed, or to levy duties on tea, coffee, and other articles on the border line between luxuries and necessities, or to reëstablish the excise system, or to resort to a direct tax. They would do none of these things, but passed a bill which would not yield one quarter enough revenue to make up the deficit of which they had clear warning. On the Democratic side there were long speeches to prove that

no revenue law was necessary. Inasmuch as the Democratic party was no longer responsible for the government, an academic contention that the bill was needless did little harm. The action of the Whigs was far worse than that of the Democrats; for they did not insist upon sufficient provision of revenue, and they coupled with the little bill which they did pass another measure of which it may be said that however meritorious it may have been intrinsically, at the time it was passed it had no merit at all.

No further justification of so sweeping a condemnation of the "Distribution Bill"[1] is required than the statements that it provided for the distribution as a gift to the States of the net proceeds of the sales of public land; and that on the same day when it was reported to the House from the Committee on Public Lands, a bill was also reported by the Committee of Ways and Means to authorize a loan of twelve million dollars. The proceeds of the loan were to be used in redeeming outstanding treasury notes and in defraying the current expenses of the government. The "Distribution Bill" was a piece of politics pure and simple. It was a measure to give away about three million dollars a year when it was necessary to borrow four times that sum to avoid a suspension of payment by the government. It was carried through the two houses by the party majority. The political character of the act is best illustrated by the history of a proviso which ultimately prevented the distribution of the land money which it was the purpose of the act to decree. The bill was first passed by the House of Representatives. Near the close of the debate in the Senate repeated attempts were made to forbid the distribution (1) at any time when there should not be

[1] The distribution among the States of the proceeds of the sales of public lands — a proposition different in form though not in purpose from the distribution of the surplus revenue — had been for many years a favorite measure of Mr. Clay's policy. The history of its fortunes in Congress and at the hands of Mr. Van Buren does not form an appropriate part of this work.

a surplus, (2) at any time when, in consequence of the act, it should be necessary to borrow money, (3) until the existing debt should be paid, (4) until the public defences in progress should be completed, and so on. These amendments were all rejected. The propositions finally took a form of forbidding the distribution if it should be necessary to violate the terms of the compromise act; and these met the same fate, the Democrats all supporting and the Whigs opposing them. But the Democratic taunts stung the senators who advocated the bill, and at last one of them proposed an amendment identical in purpose and almost so in language with those which had been defeated. This proposition — strange to say, we might remark, if the whole measure had not been so permeated with party politics — was supported by the Whigs and opposed by the Democrats. It was afterward agreed to by the House, but in that branch there was much cross-voting. The proviso, which had much to do with the tariff legislation of the next year, 1842, was in these words: —

Provided, That if at any time during the existence of this act there shall be an imposition of duties on imports inconsistent with the provisions of the act of March 2, 1833, entitled "An act to modify the act of 14th July, 1832, and all other acts imposing duties on imports," and beyond the rate of duty fixed by that act, to wit, 20 per-centum on the value of such imports, or any of them, then the distribution provided in this act shall be suspended, and shall so continue until this cause of its suspension shall be removed, and when removed, if not prevented by other provisions of this act, such distribution shall be resumed.

It is more than probable that the change of front with regard to this proviso, by both parties, resulted from a consideration of the prospect of an approval of the bill by the President. Mr. Tyler, in his message to Congress, had recommended the distribution, provided it "does not force upon Congress the necessity of imposing upon com-

merce heavier burthens than those contemplated by the act of 1833." [1] The Whigs seem to have divined that a condition of this sort, suggested by the President, would be strictly exacted. At all events, they learned during the next year that it was a prime condition, and were informed significantly, in the veto of the "little tariff bill," that "the fact is undeniable that the distribution act could not have become a law without the guaranty in the proviso of the act itself." [2] Since Congress would have passed the bill without the proviso, this statement must refer to the disposition of the President. The bill with the proviso was promptly approved by Mr. Tyler.

When Congress met in regular session, in December, 1841, the finances were in a state even worse than at the time of the extraordinary session. The Treasury had been able to sell only five and a half millions of the loan of twelve millions authorized by the act of July 21. Notwithstanding this issue and the emission of seven and a half millions of treasury notes, there was a deficit during the calendar year 1841 of more than a million and a quarter dollars. The rashness of the fiscal policy of the time is best illustrated by the fact that the customs receipts for the year, the sole reliance of the government save borrowing, — since the proceeds of the land sales were to be given away, — amounted to less than fourteen and a half millions; whereas the ordinary expenses were more than twenty-six millions. Moreover, at the beginning of 1842 one half of the excess of all duties above twenty per cent. was to be deducted; and on the 30th of June the other half was to be remitted. The situation surely called for prompt and radical measures.

In the commercial world, also, the condition of affairs had been unsatisfactory to a high degree. The final failure of the Bank of the United States, in February, 1841,

[1] "Messages and Papers of the Presidents," vol. iv. p. 47.

[2] *Ibid.* p. 182.

started another panic, the third in four disastrous years. During the year 1841 fifty-five banks, with an aggregate capital of more than $67,000,000, became insolvent,[1] and before April, 1842, twenty-six other banks, with a capital amounting to $31,500,000, also stopped payment. The hopes excited by the calling of an extraordinary session of Congress by President Harrison, stayed the panic in some degree. But the measures adopted fell short of public expectation. The bank charter bill was vetoed by President Tyler. The "Distribution Bill," which was expected to give relief to several States that were in desperate financial straits, would, it was found, add but a pittance to their funds, so slow had become the sale of lands. Other embarrassments added difficulty to the times. Cotton was in dull demand abroad, and its price was falling. The prospect of an increase of the tariff caused merchants hurriedly to import large quantities of goods to escape the new duties and to profit by the improved prices of those goods after the duties should be increased. An unusual amount of imports was thus to be paid for at a most critical time, and the demand for money for remittances accelerated the current of specie from the country, forcing the banks to curtail rigorously for their own preservation. Just at this moment the Treasury came into the market for a loan, and although it could borrow less than six million dollars, the subtraction of even that sum from a market almost bare of money made the pinch more severe upon the banks and the mercantile community. A sudden fall in the price of flour, owing to the condition of the English market, was another blow which carried into bankruptcy many large merchants. On the 1st of January, 1842, the six States of Pennsylvania, Maryland, Michigan, Indiana, Illinois, and Arkansas were unable to meet their obligations, and their stock fell heavily in the market.

[1] "Money, its Laws and History," by Henry V. Poor, p. 537.

These continually accumulating disasters down to the 1st of April had thrown a degree of gloom over the commercial circles seldom witnessed. The heavy spring payments have been falling due; remittances from the country could not be obtained; the banks were fearful of extending themselves in the smallest degree; goods could scarcely be sold for money at any prices; the accounts from abroad gave but little indication of a speedy revival of a demand for American produce; and the sluggish and uncertain action of Congress tended to enhance the dread of the future. In the face of this unfavorable state of things, however, the heavy payments of the grocers had been got along with better than could have been expected. Those of the dry-goods trade are yet to be encountered.[1]

The above extract from an unimpeachable authority presents a picture of mercantile distress more severe than the country knew before or has since known. The evil was universal. It affected all parts of the country, — the industrial North, the agricultural West, and the planting South. It was felt by farmers, manufacturers, traders, bankers, and laboring men. No one could venture to attribute the whole or any large part of the disaster to the tariff. The difficulty began with the mad scheme to smash the financial machinery of the country. It was aggravated by the persistence in the work of the party then in power, encouraged by the fatuous argument that the machinery was of no value because it would not run smoothly when its fly-wheel had been battered in pieces. It was further promoted by the inconsiderate folly of the leaders of both parties in advocating and carrying through to enactment measures which might be excusable and even wise at a time when the ordinary revenue was redundant, but which were quite inexcusable in the actual condition of the Treasury. And during all this time those leaders made a fetich of an act of Congress which did not embody

[1] Hunt's "Merchants' Magazine," May, 1842, p. 482. From the same source the facts preceding the quoted passage were also drawn.

supreme wisdom, and thus cut themselves off from applying the only remedy of national bankruptcy, — adequate taxation. The tariff caused directly but few of the long catalogue of disasters that began in 1837. Yet a proper tariff might have averted many of the evils. It was by the enactment of a new tariff that the tide was turned.

At the beginning of the second session of the Twenty-seventh Congress, in December, 1841, the subject of the finances was referred to the Committee of Ways and Means; that of the tariff to the Committee on Manufactures. Mr. Saltonstall, of Massachusetts, from the Committee on Manufactures, made an elaborate report[1] on March 31, taking strong ground in favor of the system of protection, but proposing in the bill reported little more than a general ad valorem duty averaging about thirty per cent. Some of the provisions of the bill made discrimination in favor of manufactures, particularly those of cotton and wool. Soon after Mr. Fillmore reported a bill from the Committee of Ways and Means,[2] which granted protection in the form in which it had been given prior to the passage of the compromise act. Mr. Saltonstall endeavored to have his own bill substituted for that of the Committee of Ways and Means, but failed; and Mr. Fillmore's bill was the basis of the measure which ultimately became the act of 1842.

Before the consideration of this bill began, it seemed necessary to pass a provisional tariff act. It was recognized to be unwise to allow duties to sink so low as twenty per cent., and, without action by Congress, that would become the highest tariff rate, on the 30th of June. Moreover, the compromise act provided that on that date the "home valuation" of goods should be the basis for assessing duties, "under such regulations as may be

[1] No. 461, Twenty-seventh Congress, second session.

[2] It was prepared by the Hon. Walter Forward, Secretary of the Treasury.

prescribed by law." Congress had never undertaken to prescribe regulations; and a fear was expressed in some quarters that the collection of any duties, in the absence of such regulations, would be held illegal. It was characteristic of the rash statesmanship of the time that the bill to remedy the defects mentioned was not taken up by the House until the 10th of June, three weeks before the compromise act would come into full operation. The bill provided that the laws relating to duties as they existed on the 1st of June should continue in force until the 1st of August, but that "nothing herein contained shall suspend the distribution of the proceeds of the public lands" provided for under the act of the preceding year. Inasmuch as that act directed a suspension of the distribution whenever any duty on imports should exceed the rate of twenty per cent., and inasmuch as a higher duty prevailed on the 1st of June, the proviso was inserted to override that contained in the distribution act. The bill was debated chiefly upon the question of the proviso; but the Whigs were in a majority, and the House was brought to a vote on the 15th of June. All hostile amendments were rejected and the bill was passed by yeas 116, nays 103.

In the Senate the "little tariff bill," as it was called, was debated on two days only. An amendment offered by Mr. Evans, of Maine, a friend of the bill, changed the virtual repeal of the proviso in the distribution act to a provision postponing the distribution for one month, until the 1st of August. The amendment was carried by a vote of 23 to 18 in Committee of the Whole; but after the bill had been reported to the Senate a motion to strike it out was lost by a tie vote, 21 to 21; and the bill was passed by a vote of 24 to 19. This was on the 24th of June. On the 29th it was returned to the House of Representatives with a veto message. The chief objection urged against it, the only objection which need be mentioned, was that it abrogated the proviso of the act of 1841. Upon the

general question of increasing duties above twenty per cent. the President expressed himself plainly, and yet the spell of the compromise act was upon him as it was upon almost all the public men of that time. The act, he said, "whatever may be in theory its character, I have always regarded as importing the highest moral obligation. It has now existed for nine years unchanged in any essential particular with as general acquiescence, it is believed, of the whole country as that country has ever manifested for any of her wisely established institutions. It has insured to it the repose which always flows from truly wise and moderate counsels — a repose the more striking because of the long and angry agitations which preceded it. This salutary law proclaims in express terms the principles which, while it led to the abandonment of a scheme of indirect taxation founded on a false basis and pushed to dangerous excess, justifies any enlargement of duties that may be called for by the real exigencies of the public service. It provides 'that duties shall be laid for the purpose of raising such revenue as may be necessary to an economical administration of the government.' It is therefore in the power of Congress to lay duties as high as its discretion may dictate for the necessary uses of the government without infringing upon the objects of the act of 1833. I do not doubt that the exigencies of the government do require an increase of the tariff of duties above twenty per cent., and I as little doubt that Congress may, above as well as below that rate, so discriminate as to give incidental protection to manufacturing industry, thus to make the burdens which it is compelled to impose upon the people for the purposes of government productive of a double benefit. This most of the reasonable opponents of protective duties seem willing to concede, and if we may judge from the manifestation of public opinion in all quarters this is all that the manufacturing interests really require. I am happy in the persuasion that this double object can be

most easily and effectually accomplished at the present juncture without any departure from the spirit and principle of the statute in question. The manufacturing classes have now an opportunity which may never occur again of permanently identifying their interests with those of the whole country, and making them in the highest sense of the term, a national concern."[1]

This long extract from the message in which Mr. Tyler set forth his view is interesting, in the first place, as containing a frank acceptance of the principle of "incidental protection," completing an unbroken line of Presidents from Washington to Tyler who had by their votes in Congress, or by their utterances in messages to Congress, or by both, admitted the power of Congress to give protection to manufactures by means of the tariff on imported goods. It is interesting also as an example of apparently wise and pregnant sentences which, upon examination, are found to be wholly meaningless. For it may be asserted without qualification that Congress had at no time in its tariff legislation done anything contrary to what Mr. Tyler admitted to be lawful, and what he urged to be both wise in itself and even necessary in the existing circumstances. That which he thus conceded to be constitutional, beneficent, and necessary was a discrimination — to which he placed no limit — in favor of manufactures in framing a tariff which should yield only so much revenue as might be required by the government. At no time before 1833 had Congress levied duties so high as to leave a surplus above expenditures and the amount needed to extinguish the public debt. Consequently there had been no "abandonment of a scheme of indirect taxes founded on a false basis," unless the course which the President was now recommending might be truly described as a reversion to that same scheme. Mr. Tyler was really not in favor of protective duties in any form. The words

[1] "Messages and Papers of the Presidents," vol. iv. p. 180.

quoted represent a not altogether successful effort to place himself on both sides of the question.

There was not a sufficient majority in Congress to override the veto, and the bill was rejected on reconsideration. It may be well to say that although the bill was based upon a theory that the authority to collect any duties would lapse on the 30th of June, 1842, orders were issued to collectors to assess duties upon the following arbitrary principle: In order to ascertain the "home valuation" fifty per cent. was added to the foreign valuation, and then one sixth of the whole was deducted. This was equivalent to an addition of twenty-five per cent. to the foreign valuation. The deduction was made in order not to levy duty upon the freight, which was paid for the most part to American shipowners. The right to assess duties at all, and to assess them at the above rate, although contested in the courts, was upheld. It will be seen that the effect was to collect twenty-five per cent. instead of twenty per cent., the nominal rate.

While the "little tariff bill" was on its way through Congress the general tariff bill of Mr. Fillmore was also under discussion. The debates in Congress at this period of our history were badly and inadequately reported. So far as can be gathered from the "Congressional Globe," there was little said that is worth remembering. The set speeches contained little that was fresh in the tariff discussion and the consideration of amendments was brief. In both branches the protectionists were in the majority, and they voted down all hostile amendments with the same impartiality as the opponents of protection sustained them. The bill was passed by the House on July 16 by a vote of yeas 116, nays 112. In the Senate it was referred to the Committee on Finance, which seems to have had an anti-protection majority, and which reported a series of nearly twenty amendments, each of which proposed a moderate reduction of duty from the rate in the

House bill. Every one of these amendments was rejected, as were also scores of others offered by Benton, Calhoun, Silas Wright, and others. The bill was not, in fact, amended by the Senate in any particular; accordingly when, on August 5, it was passed by a vote of yeas 25, nays 23, it was sent direct to the President. Four days later it came back to the House with a veto message. The chief, and indeed the only objection urged against the bill arose from the twenty-seventh section, which enacted "that the proviso to the sixth section of the act entitled 'An act to appropriate the proceeds of the sales of the public land and to grant preëmption rights,' approved September 4th, 1841, be and the same is hereby repealed." The President expressed his strong disapproval of the repeal of the proviso as an independent proposition, and especially resented indignantly the attempt, by joining it to the tariff bill, to "impose on the Executive, in the first place, the necessity of either approving that which he would reject or rejecting that which he might otherwise approve." [1] That this was the object of Congress is not a matter of doubt. The Whigs had already lost hope that he would approve their measures voluntarily, and this was a device to coerce him. Evidently they did not believe that he would go so far as to reject an absolutely necessary revenue measure, so near the close of the session, and assume so large a share of the responsibility as must fall to him for the failure to relieve the Treasury from what Mr. Buchanan characterized truly as "its present deplorable condition." But Mr. Tyler had courage to stand up against the majority in Congress and to defeat a measure which must seem to all men of the present generation unwise. "The restriction in the distribution act of 1841 was designed to guard against increasing the burdens of taxation to fill a vacuum which might be occasioned by

[1] Veto message, "Messages and Papers of the Presidents," vol. iv. p. 186.

distribution. The legislation of 1842 is designed to create a vacuum that it may be filled by increased taxation." [1]

The veto message was referred to a select committee, of which Mr. John Quincy Adams was chairman, and the committee in due time made a report arraigning the President in severe, almost violent, language, not only for his rejection of the tariff bill but for his previous offences against the party which elected him. The committee recommended the passage of a resolution amending the Constitution so as to allow a majority of Congress to pass a bill over a President's veto. There were two minority reports. The report of the majority, which accused the President of acts which would render him liable to impeachment, was adopted; and Mr. Tyler sent to the House a protest, which was treated by that body with studied disdain. Meantime the tariff bill was rejected by the House. The vote was yeas 91, nays 87 — not two thirds.

It was now the 17th of August. Congress had been in session since the 6th of December, 1841, and had held the longest session in the history of the government. There were some men who regarded the salvation of the public faith and the relief of a distressed treasury as of more importance than the scoring of a party victory, and they made a strenuous effort to bring forward the tariff bill again, divested of the provision to which the President objected; but on several occasions they were baffled and defeated by parliamentary strategy. There were extremists on both sides: Democrats who were willing to see the government become bankrupt rather than permit the Whigs to pass a measure which the President could approve, and Whigs who took no interest in the tariff and cared little what became of the Treasury if "distribution" were to be defeated. This may seem a harsh judgment upon both parties; and it is true that no man

[1] Minority report of Mr. Gilmer. "Congressional Globe," Twenty-seventh Congress, second session, p. 898.

of either party avowed so reckless an attitude of his mind. But they must be judged by their votes; and no other interpretation than that just given is possible of persistence in opposing any and every measure to give the Treasury relief.

At last a way was found to bring a tariff question before the House. The tariff bill, minus the clause repealing the distribution proviso, was substituted for a forgotten and long-neglected measure. Yet it was carried through the House with the greatest difficulty. Twice it was rejected by one or two majority, and on both occasions was saved by a reconsideration carried by a majority almost as narrow. During all these proceedings the greatest excitement prevailed, and the House was often in the wildest confusion. On the last day when the bill was under consideration the vote on engrossing the bill was first announced to be yeas 100, nays 101, and the Speaker declared the bill rejected. But on a verification of the vote the yeas and nays were found to be equal, 101 each, and the Speaker thereupon voted *no*, and again declared the bill rejected. A reconsideration was moved and carried, 106 to 98. Again the question was taken on engrossment and the vote resulted 103 to 102. Attention was called to the fact that the Speaker had not voted; again he voted in the negative, and declared the bill lost by a tie vote. Then a member present who had not voted claimed the right to be recorded, and subsequently another member did the same thing. Thus the engrossment was carried; and the bill was immediately afterward passed by a vote of yeas 105, nays 103.[1] The account of

[1] "Of the yeas eighty-two were Whigs, three Tyler men, and twenty Loco-focos — all the latter from New York (10) and Pennsylvania (9) except Mr. Parmenter, of Massachusetts. Of the nays sixty-five were Loco-focos, three Tyler men, and thirty-five Whigs; two thirds of the latter being among the strongest advocates of protection, and voting against the bill expressly and only because they could not consent to the surrender of the land distribution." (Whig Almanac for 1844, p. 18.)

these proceedings as given in the "Congressional Globe" is unsatisfactory. The reporter, quite excusably, remarks that such was the noise and confusion prevailing that it was impossible to give this part of the proceedings in regular succession.

In view of the action of the Senate on the first tariff bill — a prompt rejection of every amendment offered — the course of that body in its consideration of the second bill was quite remarkable. Thirty-one amendments recommended by the Committee on Finance were first acted upon. They were generally in the direction of lower duties, and most of them were adopted. The most important was the restoration of tea and coffee to the free list. The opponents of the bill made repeated and strenuous attempts to modify it radically, but every motion to that end was defeated; and after several hours of solemn general debate on the 27th of August the bill was passed. The vote on engrossment was yeas 24, nays 23. Apparently the vote on the passage of the bill was not challenged. The yea and nay vote, insuring the passage of the bill by one majority, was not a party vote. Four Democrats, Messrs. Williams, of Maine, Wright, of New York, and Buchanan and Sturgeon, of Pennsylvania, gave their votes for the measure. Mr. Buchanan and Mr. Wright explained at length their reason for voting in favor of it, which was the highly praiseworthy reason that the honor and good faith of the country required the raising of a larger revenue, and that this bill was the only measure which would bring relief to the Treasury. Eight Southern Whigs voted against the bill.

The House accepted all the amendments of the Senate and the bill was promptly approved by the President on August 30, 1842.

The act was by far the most elaborate tariff act passed up to that time. The specification of articles on the taxable list was much more minute than that in the act

of 1832; and the sections in which the rates of duties and the free list are contained occupy three times as many printed pages as were required for the earlier act. In the general provisions the principle of the home valuation was abandoned; cash payment of all duties was required; an addition of ten per cent. to the rates of duties was laid upon goods imported in other than American vessels; a further addition of ten per cent. on goods imported in foreign vessels from ports east of the Cape of Good Hope; neither of the additions to be made upon importations in vessels of countries with which the United States had treaties conceding entry into American ports on equal terms; and additional measures were adopted to prevent frauds on the revenue.

The scale of duties fixed by the act was not substantially different from that established by the act of 1832, although there were numerous differences of detail, some in the direction of higher and some of lower duties. A duty of five per cent. was laid on wool valued at less than seven cents a pound, which under the act of 1832 was free; other wool was assessed at three cents a pound and thirty per cent., as against four cents and forty per cent. under the former law; woollen manufactures, forty per cent. instead of fifty per cent.; cotton manufactures, thirty per cent. instead of twenty-five per cent., with a "minimum" of twenty cents a square yard for goods in the gray, and at thirty cents for all bleached, dyed, and printed goods. There was a reduction of from ten to fifteen per cent. in the duties on the more important descriptions of iron. The glass duties were generally raised; those upon leather and boots and shoes, and those upon paper, were reduced. The springing up of many small industries in the ten years since the last general tariff is indicated by the first appearance of their products in the list at such rates as show that they were intended to be protective. The system of specific duties was greatly extended beyond its

use in the tariff of 1832. The much more minute subdivision of classes of merchandise gives the act an appearance of including a larger number of articles in the dutiable list. As a matter of fact, the free list was not reduced. The principle upon which it was based was one of levying an average duty of about thirty per cent. on the gross importation, inasmuch as this was regarded as the necessary revenue rate; and protection was given by granting higher duties on manufactured goods, and imposing lower duties on raw materials and non-competing merchandise. It is possible that some duties approached the point of prohibition, but if so they were few. Free traders asserted afterward that it was a prohibitory tariff, but they did not specify wherein it had that character.[1] Certainly it was not prohibitory of woollen goods, which bore a duty of forty per cent. — one of the highest rates levied. The intention clearly was to hamper but not to destroy foreign competition.

What was the effect of the act? We have seen already in the first part of this chapter what was the condition of the country when it was passed. That condition remained unchanged until the very moment of the passage of the act. Hunt's "Merchants' Magazine" for September, 1842, contains the first of a series, continued for many years thereafter, of "Monthly Commercial Reviews." The writer, by way of preface, gives a review of the preceding year, and brings his summary down to August 20, ten days before the act of 1842 was approved by the President. He records that "from the low state of prices and the inertness of trade, the markets present no material alteration." The review is throughout pessimistic in tone.

[1] In the debates upon the tariff of 1846 the assertion that the act of 1842 was prohibitive was made many times. Once only did a free trader respond to the challenges repeatedly made for the specification of articles prohibited; and the only article named was cheap cottons, which this country was then manufacturing and exporting in competition with England.

Cotton and flour, two of the most important staples, were exceedingly low, and this gave encouragement to the hope that the exports would be large, but "we cannot perceive any signs of improvement in public credit or of stock securities generally. On the contrary, repudiation with its attendant tide of dishonor seems rolling on and threatening to surround and overwhelm not only all those States and institutions which have heretofore been considered sound, but to carry down the federal government in its course."

One month later, hope had revived. "When this [the tariff bill] became a law," reports the same writer, in the October issue of the magazine, "notwithstanding the many bad features which it contained, business seemed to feel a new impulse. A feeling of security came over the market, and the prices of those articles on which the highest duties had been laid greatly improved. The direct effect of the tariff seemed, however, to have a less beneficial effect than its indirect effect.[1] The passage of the law, by removing a cause of uneasiness that had long hung over the public mind, gave those general causes of reviving prosperity room to develop themselves: these were, abundance of goods and produce at low prices and plenteousness of money." It may be noted here that this "indirect effect" proved disappointing. The English harvest that year was unusually large, and the demand for American food was not increased. The higher duties on imported goods were not, indeed, in the prevailing condition of the people they could not be conducive to an enlarged importation. The magazine from which we have been quoting gave a rather narrow significance to the word "Merchants'" in its title, limiting it quite closely to those who were engaged in foreign trade. It followed the money market and the stock market, rarely extended its observations to the condition of internal trade, and never mentioned manufactures. It

[1] A queer sentence, which is nevertheless quoted textually.

made no concealment of its adhesion to the cause of free trade. These circumstances explain the disappointment with which, for some months after its frank outburst as to the good effects of the new tariff law, it recorded its inability to see further signs of improvement; and at the same time they render more valuable the repeated reports from month to month, beginning in the early autumn of 1843, that business was steadily becoming more active, prosperous, and profitable.

It has never been denied, we believe, that the country was prosperous under the tariff of 1842; the cause of prosperity is, of course, a matter of discussion. The following passage from an article in the Whig Almanac for 1846, written, no doubt, by Mr. Greeley, should be conclusive as to the fact, — not because Mr. Greeley will be universally accepted as an unimpeachable witness on all points connected with tariffs, but because he was writing statements concerning the truth of which his readers were as well informed as he, and because putting false statements before them would discredit all that he might write thereafter: —

The three years of low duties, as in the two former periods of relatively free trade, had been years of general depression, of numerous bankruptcies, of labor widely destitute of employment, of enormous and harassing commercial indebtedness abroad, and of stagnation or feeble progress in improvement and wealth at home. The three years' existence of the present tariff have been years of reviving energy and confidence, of increasing and prosperous industry, of extensive and varied improvement by building, establishing new branches of productive labor, etc., and of healthful trade. The aggregate number of employed and remunerative laborers in the year 1845 must be far greater, and that of unemployed, unwillingly idle persons relatively less than in either of the three low-duty years. The revenue also has largely increased, reaching nearly thirty-two millions in 1844, and far over-

balancing the current expenses of that year. It will be somewhat less in 1845, — say twenty-five millions, — but still abundant for all legitimate and economical wants of the government.

The prosperity of the country under this tariff has been steadily, palpably progressive, and nearly universal. If New England first felt its impulse, owing to her large investments in manufactures, it has by no means been confined to her borders. In every State of the Union manufacturing establishments are springing up, giving value to water-power, timber, stone, brick, clay, etc., comparatively worthless before, furnishing employment for the carpenter, mason, brickmaker, etc., and giving an additional development to the industry of the vicinity. . . . That this tariff . . . has worked well and proved beneficent, not to one class or section merely but to the American people,we cannot doubt, for the evidence is overwhelming.

The beneficent change insured by this tariff is yet in its infancy. It has been checked but not wholly arrested by the fear that the new Congress now about to assemble will lay ruthless hands on this great measure of national independence and progress, and destroy its protective vitality. Whether these apprehensions shall be fulfilled or dissipated, a few months must determine.

The above is a generalization. It is based on a broad survey of the whole country, and of industry and trade in the aggregate. But the view given by Mr. Greeley is supported when we consider particular industries. The compromise act of 1833 virtually destroyed the woollen manufacture. Its operation was briefly and strikingly set forth in a speech by Mr. Collamer, of Vermont, in Committee of the Whole, of the House of Representatives, on April 29, 1844. "By the operation of that law," he said, "on the 31st of December, 1841, the duty on wool and woollens came down to twenty-eight per cent. To that point the factories struggled on, but here they stopped; and no market was found for the clip of wool taken from the sheep in 1842." As to the effect of the tariff in reviving

the industry we have this testimony :[1] "During the four years that this tariff remained there was a marked growth in the manufacture of the finer grade of goods, notably broadcloths, which were now made in several mills of a quality nowhere in the world surpassed."

The cotton manufacture suffered from the low tariff far less than did the woollen industry. In fact, the retention of the minimum clause made the tariff on coarse cotton goods so high as to be fully protective. The crisis of 1837 was disastrous rather to individual manufactures and corporations than to the industry itself. Many establishments became bankrupt, and mills were sold or companies were reorganized, but the production of goods continued. Indeed, from a table quoted in DeBow's Review for March, 1850,[2] giving the apparent home consumption of cotton for each year from 1826 to 1849, there were but six years of the twenty-four when the amount did not show an increase. The creation of Lowell antedated the compromise act, but some of the large mills of New Hampshire were built during the period of declining duties. Demand almost constantly exceeded supply, and an important export business was established. But although this industry was favored both by legislation and by fostering social and economical circumstances, it was greatly stimulated by the new conditions that began simultaneously with the tariff of 1842. The manufacturers entered upon a season of great prosperity. Nathan Appleton, writing in 1845,[3] speaks of this as "the most important of our manufactures, which exhibits the greatest triumph of the protective policy," and shows that although the prices paid by consumers had been greatly reduced, the profits of manufacturers were greater than ever before.

[1] "History of the New England Wool Manufacture," by S. N. D. North, in "The New England States," vol. i. chap. xxvi. p. 243.

[2] Page 272.

[3] Pamphlet, "What is a Revenue Standard?"

The expansion of the industry, which had been only partially interrupted during the lean later years of the compromise tariff, was fully resumed under the act of 1842.

The iron manufacture languished under the compromise tariff and prospered under the protective act which superseded it. Nevertheless it seems to be less true of it than of the industries just mentioned, that a large direct influence of the tariff legislation can be directly traced. The duties imposed upon all varieties of iron by the act of 1832 were so high that the ten per cent. reductions did not cause them to cease to be protective until the crisis of 1837 ruined all business. On the other hand, the introduction of the production of anthracite pig iron, at a much lower cost than the charcoal iron of former times, coincided nearly in point of time with the enactment of the tariff. Consequently we cannot be sure that either the depressed condition of the industry before 1842 or the prosperity afterwards was due to the tariff.[1] But we must not make the mistake of overestimating the importance of the iron manufacture at this epoch. Iron was, of course, in universal use, and the quantity consumed in the middle of the century was greatly larger than the consumption at the beginning of the century. Yet in 1840 the total production of pig iron in the United States was less than 287,000 tons; and that of Great Britain, in the same year, did not reach 1,400,000 tons. The annual output of the two countries combined did not equal their production in one month at the end of the century. The use of iron in large quantities was hardly beginning, even for railroad purposes; and the employment of the metal for shipbuilding, for bridges, for house construction, and for numerous other purposes familiar at the present day, was quite unknown.

It does not seem necessary to enter upon a thorough

[1] If the tariff of 1842 had any influence in restoring prosperity, the influence must have been indirect, since the act lowered the duties.

discussion of the question whether the instant revival of business after the passage of the tariff of 1842 was due to that act. The fact is that no other cause is assignable as having produced that effect. The country was in a state of unparalleled depression; the act was passed; and business revived. There was no other change in the situation either at home or abroad. The suggestion is made by Taussig, who admits that "there may be a degree of truth" in the allegation that the renewed activity of trade was due to the tariff,[1] that "no doubt, in the regular recurrence of waves of activity and depression, the depression of 1840–42 would soon have been followed, in any event, by a period of activity." Yet it is a well-known fact that a revival of business never succeeds immediately a period of panic and bankruptcy. The violence of the crisis must needs pass and be followed by a season of dull and commonplace reorganization and recuperation, a process which usually requires years, to prepare the way for the renewal of activity. Now, as we have seen, the wreck of private fortunes, of banks, even of the States, was going on at an unprecedented rate at the moment when the act of 1842 was under discussion. It is not possible to maintain that the materials for a general revival were ready so that any other accidental happy circumstance would have set the wheels of business in motion again. The final plunge to the twenty per cent. maximum rate of the compromise tariff was bringing the industries dependent upon protection to a standstill; and all business suffered in the stagnation of employment, in the cessation of the movements of money and goods, which are as the circulation of the blood in the body of commerce. The adoption of any improved tariff would have removed one cause of the existing evil, — the uncertainty as to the future. The enactment of a tariff which promised prosperity and health to the starved manufactures removed all causes, and

[1] "Tariff History," p. 119.

actually restored the prosperity which it promised. There is no other enactment affecting the duties on imports the effect of which is so clear, so indisputable, as there was never another which worked so instantaneously.

The act of 1842 was a good revenue law as well as a good protective measure. The fiscal year was changed in 1843, and since that time has ended on June 30. In each of the three years ended June 30, 1844–46, the customs receipts exceeded the ordinary expenditures of the government, and the aggregate excess was more than eleven millions. The public debt, which was practically nothing in 1835, which rose to $32,742,000 in 1843, was reduced to $15,550,000 in 1846. It follows as a matter of course that the act which thus increased the revenue did not extinguish the foreign trade. On the contrary, the increased prosperity of the people enabled them to consume more goods, both domestic and foreign. The imports, which were valued as high as $176,000,000 in one year, 1836, but which dropped to $96,000,000 in 1842, the year of the lowest duties, showed a steady increase in the three years 1844–46, and in the last year under the tariff of 1842 were almost exactly $118,000,000. Thus the act vindicated itself in every possible way, and was satisfactory to all men save the politicians who were resolved to overthrow it.

XII

ANOTHER SWING OF THE PENDULUM

An attempt was made during the first session of the Twenty-eighth Congress — 1843–44, — to revise the tariff. The Senate was controlled by the Whigs by a narrow majority; the House of Representatives was Democratic in the proportion of two to one. Mr. McDuffie, in the Senate, introduced resolutions declaring the expediency of restoring the horizontal rate of twenty per cent. on all importations, which were productive of some academic debate, but were never put to vote.

The Ways and Means Committee of the House was constituted with a strong free trade majority. Its chairman was Mr. McKay, of North Carolina. Many resolutions and bills were introduced, having for their purpose the repeal of the act of 1842. In several cases the members who presented resolutions coupled condemnation of the protective policy and of interference with slavery. One set of resolutions was a copy of the declarations on these subjects in the Democratic national "platform" of 1840; and these resolutions were adopted. That which related to the tariff was skilfully drawn, in that protectionists were able to deny that the policy condemned was violated by protective tariffs. Its language was: "That justice and sound policy forbid the federal government to foster one branch of industry to the detriment of another, or to cherish the interest of one portion to the injury of another portion of our common country." The protectionists held that the time-honored policy of the government was to the benefit of all industries and all parts of

the country. Accordingly they could and did vote for the resolution.

Mr. McKay in due time reported a bill to revise the tariff. It did not restore duties to the scale of those under the compromise act, nor did it substitute ad valorem duties for specific generally; but it did reduce rates largely. There was a debate not greatly prolonged and not fruitful of new matter. After a brief consideration of amendments which showed the two parties their strength, a motion to lay the bill on the table was adopted by yeas 105, nays 99. The affirmative votes were mostly those of Whigs, and of Democrats from the States of Pennsylvania, New York, and New Jersey. The defeat of the bill put an end for two years to efforts to amend the tariff.

The presidential election of 1844 was one of the most peculiar in the history of the country. The sudden rise of the question of the annexation of Texas to an issue of the first importance; the defeat of the nomination of Mr. Van Buren by the operation of the two-thirds rule in the Democratic convention; the nomination of Mr. Polk, who was virtually an unknown man in national politics, although he had been Speaker of the House of Representatives for four years; the enthusiastic union of the Whigs in support of Henry Clay, and their confident anticipation of victory; the birth of the Liberty, or Antislavery, party, and the unexpected revelation of the fact that — though small in numbers — under the electoral system it held the balance of power; — all these things impart an interest to a contest which for the first time brought questions of Northern or Southern domination of the government directly to an issue.

Nominally the tariff was not one of the grounds of contest between the two great parties. The South was for free trade, and had no doubt that Mr. Polk was opposed to protection. In the North, particularly in Pennsylvania,

there was some anxiety on the subject. The people of that State, whatever were their views upon other subjects, were almost to a man in favor of protection. The vote of Pennsylvania was necessary for Democratic success. Mr. Dallas was the Democratic candidate for Vice-President; and his loyalty to the cause of protection was not doubted. Throughout the State the rallying cry of the party was "Polk, Dallas, and the Tariff of 1842." The theme of Democratic stump speakers was the faithlessness of Clay to the American system; and his old speeches in favor of the principles of the compromise act were brought up against him. The assertion was made from a hundred platforms that Polk was a better protectionist than Clay, although the only evidence that could be adduced that Polk accepted the principle in the mildest form was contained in his celebrated letter of June 19, 1844, to John K. Kane, of Philadelphia, which was so skilfully worded that, while it was accepted as satisfactory by the Democrats of Pennsylvania, it did not require him to act inconsistently with its expressions in afterward urging and approving the tariff of 1846.[1] The shrewd politicians of the State even went so far as to claim the tariff of 1842 as a Democratic measure, and transparencies were carried in party processions bearing such inscriptions as this: "The Democratic Tariff of 1842: We Dare the Whigs to Repeal it!" By such means

[1] "I am in favor of a tariff for revenue," he wrote; "such a one as will yield a sufficient amount to the Treasury to defray the expenses of the government economically administered. In adjusting the details of a revenue tariff I have heretofore sanctioned such moderate duties as would produce the amount of revenue needed, and at the same time afford reasonable incidental protection to our home industry. I am opposed to a tariff for protection merely, and not for revenue. . . . In my judgment it is the duty of the government to extend, as far as it may be practicable to do so, by its revenue laws and by all other means within its power, fair and just protection to all the great interests of the whole Union, embracing agriculture, manufactures and the mechanic arts, commerce and navigation."

as these, which were narrated at length by disappointed Pennsylvania Democratic congressmen in the warm debates of 1846, the vote of the State was secured for Polk and Dallas. The issue of the "re-annexation" of Texas gave them the votes of most of the Southern States. The abolition voters of New York and Michigan deprived Clay of the support of those States. Polk and Dallas were elected by a triumphant electoral majority of 65, although their popular vote fell short of a majority, and their plurality over Clay and Frelinghuysen in the whole country was but 38,181.

If any protectionists were really deluded into supposing that the new administration was to be on their side, they were speedily undeceived. Mr. Polk appointed as his Secretary of the Treasury Mr. Robert J. Walker, of Mississippi, who had been a consistent advocate of free trade as a senator from his adopted State.[1] The new President in his inaugural address quoted from the Democratic platform the declaration against the justice of fostering one branch of industry to the detriment of another, and his own statement of his principles as contained in the Kane letter. He proceeded to enlarge and develop these ideas, and put them in a form which left no doubt of his practical hostility to the whole protective system.

His position became even clearer when he met Congress for the first time, and sent to it his annual message. He went into the subject of the tariff at great length. Although his exposition of his views was to a large extent an echo of the argument of the Secretary of the Treasury, it is proper to summarize it in order to show how, by prohibitions and limitations, he reduced to nothing the power of the government to protect manufactures. He begged the whole question at the beginning by asserting that "the object of imposing duties on imports should be to raise revenue to pay the necessary expenses of government.

[1] He was a native of Pennsylvania.

Congress may undoubtedly, in the exercise of a sound discretion, discriminate in arranging the rates of duty on different articles, but the discriminations should be within the revenue standard and be made with the view to raise money for the support of government." This was an assumption of the principle that in arranging a tariff of duties it was not sufficient that the average of duties or the general scale should be governed by the rule of the "revenue standard," but that it was not within the right of Congress to lay on any single article a rate of duty which exceeded the revenue standard for that article. He proceeded to elaborate this point by inquiring "what is meant by a revenue standard the maximum of which should not be exceeded in the rates of duty imposed."

Duties might be laid so high, he remarked, as to diminish or prohibit importation. He supposed a duty of one per cent. laid on an article; that would bring money to the Treasury and incidentally it would afford protection to the domestic manufacturer. Raised to five, ten, twenty, or even thirty per cent., it would yield more revenue and give the manufacturer more protection. But if, on raising it to thirty-one per cent., it be found that the revenue is less than at thirty per cent. it ceases to be a revenue duty. "The precise point in the ascending scale of duties at which it is ascertained from experience that the revenue is greatest is the maximum rate of duty which can be laid for the *bona fide* purpose of collecting money for the support of government." Congress should not levy duties up to the maximum, for that would result in an excess of revenue. Nor should there be a horizontal scale of duties. Below the revenue standard Congress may and ought to discriminate in the rates imposed.

In levying duties Congress exercises the taxing power. It may select the objects of taxation, exempt some articles altogether and impose low duties on others. In making the selection care should be used to favor articles of

necessity in general use, and especially those which are consumed by the laborer and the poor as well as by the wealthy citizen. Moreover, all the great interests of the country should be allowed to derive equal advantage from the incidental protection afforded by the revenue laws, because to benefit one class necessarily increases the burden of the others. The President then examined the tariff act of 1842, and said that many of its provisions were in violation of "the cardinal principles here laid down," — that some of the rates of duty imposed by it were prohibitory and others were above the revenue standard. He spoke of its duties as "oppressive," said that it was so framed that its greatest burden fell on labor and the poorer classes, declared that it exempted the rich from paying their just share of the taxation required for the support of government, and asserted that it did not benefit the operatives and laborers employed by manufacturers.

It will be seen that little was left of a protective system after the President had put upon it the limitations of his cardinal principles. No duty must be put so high as to diminish importations; and rates below the highest revenue standard must be established lest the revenue should outrun expenditures. Within this line there might be discrimination for the benefit of manufacturers; but Congress should be careful not to discriminate for the benefit of the makers of articles in general use. This rule would cut off even the mild protection which he professed to sanction from manufactures of cotton, woollen, glass, iron, and other such materials, and would leave Congress free to discriminate in favor of articles used only by the rich. Even here Congress must avoid giving undue favor to manufactures and must give equal advantage to commerce, navigation, agriculture, and the mechanic arts. It was good free trade doctrine that both parties to a bargain, the buyer and the seller, might and

usually did profit by a trade; but when it came to a protective tariff the policy which benefited the manufacturer must and invariably did, according to the President, impose an additional and an unjust burden upon every other class of industry.

If the President thus professed protectionism of so restricted a form that it would apply to none of the great manufactures of the country, and would be of no value to those to which it was applicable, his Secretary of the Treasury rejected the principle altogether. The annual report of that officer, dated December 3, 1845, was one of the most startling state papers ever presented to Congress, and has become one of the most celebrated documents connected with the tariff discussion in the United States. The Secretary began his presentation of his views by propounding the following principles: —

1. That no more money should be collected than is necessary for the wants of the government economically administered.
2. That no duty be imposed upon any article above the lowest rate which will yield the largest amount of revenue.
3. That below such rate discrimination may be made, descending in the scale of duties; or, for imperative reasons, the article may be placed in the list of those free from all duty.
4. That the maximum revenue duty should be imposed on all luxuries.
5. That all minimums and all specific duties should be abolished and ad valorem duties substituted in their place — care being taken to guard against fraudulent invoices and undervaluation, and to assess the duty upon the actual market value.
6. That the duty should be so imposed as to operate as equally as possible throughout the Union, discriminating neither for nor against any class or section.

Having declared against a horizontal scale of duties, and in favor of such discrimination as would bring the

largest revenue from luxuries, he expressed an opinion against levying maximum revenue duties on all articles, because that policy would yield too large a revenue, would prevent discrimination within the revenue standard, and would require necessities to be taxed as high as luxuries. He declared that "experience proves that, as a general rule, a duty of twenty per cent. ad valorem will yield the largest revenue." It was believed, he said, that sufficient revenue would be yielded at the lowest revenue duties on the articles then subjected to duty; but if Congress desired a larger revenue it should be procured by taxing free articles rather than by exceeding in any case the lowest revenue duties. After some remarks upon the salt, guano, and cotton bagging duties, he considered the suggestion that the condition of the foreign relations[1] should suspend the reduction of the tariff. He regarded the situation as rendering a reduction even more necessary. Asserting that many of the duties were becoming dead letters except for the purpose of prohibition, he maintained that "in the event of war nearly all the high duties would become prohibitory, from the increased risk and cost of importations; and if there be, indeed, in the opinion of any, a serious danger of such an occurrence it appeals most strongly to their patriotism to impose the lowest revenue duties on all articles as the only means of securing at such a period any considerable income from the tariff."

Secretary Walker now entered upon a constitutional and economical discussion of the question of protection; and this part of his report is given in full, as follows: —

The whole power to collect taxes, whether direct or indirect, is conferred by the same clause of the Constitution. The words are, "The Congress shall have power to lay and collect taxes, duties, imposts and excises." A direct tax or excise, not for revenue but for protection,

[1] The reference is to the impending war with Mexico.

clearly would not be within the legitimate object of taxation; and yet it would be as much so as a duty imposed for a similar purpose. The power is "to lay and *collect* taxes, duties, imposts and excises." A duty must be laid only that it may be *collected;* and if it is so imposed that it cannot be collected, in whole or in part, it violates the declared object of the granted power. To lay all duties so high that none of them could be collected would be a prohibitory tariff. To lay a duty on any one article so high that it could not be collected would be a prohibitory tariff upon that article. If a tariff of 100 per cent. were imposed upon all or upon a number of articles so as to diminish the revenue upon all or any of them, it would operate as a partial prohibition. A partial and a total prohibition are alike in violation of the true object of the taxing power. They only differ in degree and not in principle. If the revenue limit may be exceeded one per cent. it may be exceeded one hundred. If it may be exceeded upon any one article it may be exceeded on all; and there is no escape from this conclusion but in contending that Congress may lay duties on all articles so high as to collect no revenue and operate as a total prohibition.

The Constitution declares that "all bills for raising revenue shall originate in the House of Representatives." A tariff bill, it is conceded, can only originate in the House, because it is a bill for *raising revenue.* That is the only proper object of such a bill. A tariff is a bill "to lay and collect taxes." It is a bill for "raising revenue;" and whenever it departs from that object, in whole or in part, either by partial or total prohibition, it violates the purpose of the granted power.

In arranging the details of the tariff it is believed that the maximum revenue duties should be imposed upon luxuries. It is deemed just that taxation, whether direct or indirect, should be as nearly as possible in proportion to property. If the whole revenue were raised by a tax upon property the poor, and especially those who live by the wages of labor, would pay but a very small portion of such tax; whereas by the tariff the poor, by the consumption of various imports or domestic articles enhanced in price by the duties, pay a much larger share of the taxes

than if they were collected by an assessment in proportion to property. To counteract as far as possible this effect of the tariff — to equalize its operation and make it approximate as nearly as may be to a system of taxes in proportion to property — the duties upon luxuries, used almost exclusively by the rich, should be fixed at the highest revenue standard. This would not be discriminating in favor of the poor, however just that might be within the revenue limit; but it would mitigate as far as possible that discrimination against the poor which results from every tariff by compelling them to pay a larger amount of taxes than if assessed and collected on all property in proportion to its value. In accordance with these principles it is believed that the largest practicable portion of the aggregate revenue should be raised by maximum revenue duties upon luxuries, whether grown, produced, or manufactured at home or abroad.

An appeal has been made to the poor by the friends of protection, on the ground that it augments the wages of labor. In reply it is contended that the wages of labor have not augmented since the tariff of 1842, and that in some cases they have diminished.

When the number of factories is not great the power of the system to regulate the wages of labor is inconsiderable; but as the profit of capital invested in manufactures is augmented by the protective tariff there is a corresponding increase of power, until the control of such capital over the wages of labor becomes irresistible. As this power is exercised from time to time we find it resisted by combinations among the working classes by turning out for higher wages or for shorter time; by trades-union; and in some countries unfortunately by violence and bloodshed. But the government by protective duties arrays itself on the side of the manufacturing system, and by thus augmenting its wealth and power soon terminates in its favor the struggle between man and money — between capital and labor. When the tariff of 1842 was enacted the maximum duty was twenty per cent. By that act the average of duties on the protected articles was more than double. But the wages of labor did not increase in a corresponding ratio or in any ratio whatever. On the contrary, whilst wages in some cases have diminished, the

prices of many articles used by the working classes have greatly appreciated.

A protective tariff is a question regarding the enhancement of the profits of capital. That is its object, and not to augment the wages of labor, which would reduce those profits. It is a question of percentage, and is to decide whether money vested in our manufactures shall by special legislation yield a profit of ten, twenty, or thirty per cent., or whether it shall remain satisfied with a dividend equal to that accruing from the same capital invested in agriculture, commerce, or navigation.

The present tariff is unjust and unequal, as well in its details as in the principles on which it is founded. On some articles the duties are entirely prohibitory, and on others there is a partial prohibition. It discriminates in favor of manufactures and against agriculture, by imposing many higher duties upon the manufactured fabric than upon the agricultural product out of which it is made. It discriminates in favor of the manufacturer and against the mechanic by many higher duties upon the manufacture than upon the article made out of it by the mechanic. It discriminates in favor of the manufacturer and against the merchant by injurious restrictions upon trade and commerce ; and against the shipbuilding and navigating interest by heavy duties on almost every article used in building or navigating vessels. It discriminates in favor of manufactures and against exports which are as truly the product of American industry as manufactures. It discriminates in favor of the rich and against the poor by high duties on nearly all the necessaries of life, and by minimums and specific duties, rendering the tax upon the real value much higher on the cheaper than upon the finer article.

Minimums are a fictitious value, assumed by law, instead of the real value ; and the operation of all minimums may be illustrated by a single example. Thus, by the tariff of 1842, a duty of thirty per cent. ad valorem is levied on all manufactures of cotton ; but the law further provides that cotton goods " not dyed, colored, printed or stained, not exceeding in value twenty cents per square yard, shall be valued at twenty cents per square yard." If, then, the real value of the cheapest cotton goods is but

four cents a square yard, it is placed by the law at the false value of twenty cents per square yard, and the duty levied on the fictitious value — raising it five times higher on the cheap article consumed by the poor than upon the fine article purchased by the more wealthy. Indeed, by House Document No. 306, of the 1st session of the 28th Congress, this difference, by actual importation, was 65 per cent. between the cheaper and the finer article of the 20 per cent. minimum, 131 per cent. on the 30 per cent. minimum, 48½ per cent. on the 35 per cent. minimum, 84 per cent. on the 60 per cent. minimum, and 84 per cent. on the 75 per cent. minimum.[1] This difference is founded on actual importation, and shows an average discrimination against the poor on cotton imports of 82 per cent. beyond what the tax would be if assessed upon the actual value. The operation of the specific duty presents a similar discrimination against the poor and in favor of the rich. Thus, upon salt: the duty is not upon the value, but it is eight cents a bushel, whether the article be coarse or fine — showing, by the same document, from actual importation, a discrimination of 64 per cent. against the cheap and in favor of the fine article; and this to a greater or less extent is the effect of all specific duties. When we consider that $2,892,621.74 of the revenue last year was collected by minimum duties, and $13,311,085.46 by specific duties, the discrimination against the cheaper article must amount, by estimates founded on the same document, to a tax of $5,108,422 exacted by minimums and specific duties annually from the poorer classes, by raising thus the duties on the cheaper articles above what they would be if the duty were assessed upon the actual value. If direct taxes were made specific they would be intolerable. Thus, if an annual tax of thirty dollars was assessed on all houses without respect to their actual value, making the owner of the humble tenement or cabin

[1] The statement is unintelligible in this form, but will be understood if the word "per" be omitted in the latter part of each clause. The minimums were at 20, 30, and 35 cents on cotton cloths, and at 60 and 75 cents on yarn. The "average discrimination" of which the Secretary speaks in the next sentence was obtained by adding together the five rates of discrimination alleged, and dividing the sum by five irrespective of the amounts of goods of each class imported.

pay a tax of thirty dollars and the owner of the costly mansion a tax of but thirty dollars on their respective houses, it would differ only in degree but not in principle from the same unvarying specific duty on cheap as on fine articles. If any discrimination should be made it should be the reverse of the specific duty and of the minimum principle by establishing a maximum standard above which values the duties on the finer article should be higher, and below which they should be lower on the cheaper article. The tax upon the actual value is the most equal and can only be accomplished by ad valorem duties. As to fraudulent invoices and undervaluations these dangers are believed to be arrested effectually by the stringent provisions and severe penalty of the 17th section of the tariff of 1842; and now one half the revenue is collected from ad valorem duties.

At least two thirds of the taxes imposed by the present tariff are paid not into the Treasury but to the protected classes. The revenue from imports last year exceeded twenty-seven millions of dollars. This in itself is a heavy tax; but the whole tax imposed upon the people by the present tariff is not less than eighty-one millions of dollars — of which twenty-seven millions are paid to the government upon the imports and fifty-four millions to the protected classes in enhanced prices of similar domestic articles.

This estimate is based upon the position that the duty is added to the price of the import and also of its domestic rival. If the import is enhanced in price by the duty so must be the domestic rival; for being like articles their price must be the same in the same market. The merchant advances in cash the duty on the import, and adds the duty, with a profit upon it and other charges, to the price — which must therefore be enhanced to that extent; unless the foreign producer had first deducted the duty from the price. But this is impossible; for such now is and long has been the superabundance of capital and active competition in Europe that a profit of six per cent. in any business is sufficient to produce large investments of money in that business; and if, by our tariff, a duty of forty per cent. be exacted on the profits of such business, and the foreign producer deducts that duty from his

previous price, he must sustain a heavy loss. This loss would also soon extend beyond the sales for our consumption to sales to our merchants of articles to be reëxported by them from our ports with a drawback of the duty, which would bring down their price throughout the markets of the world. But this the foreign producer cannot afford. The duty therefore must be added to the price and paid by the consumer — the duty constituting as much a part of the price as the cost of production.

If it be true that when a duty of forty per cent. is imposed by our tariff the foreign producer first deducts the duty from the previous price on the sale to our merchant, it must be equally true with a duty of one hundred per cent., which is exactly equal to the previous price, and, when deducted, would reduce the price to nothing.

The occasional fall in price of some articles after a tariff is no proof that this was the effect of the tariff; because from improved machinery, diminished prices of the raw material, or other causes, prices may fall even after a tariff, but they would in such cases have fallen even more but for the tariff. The truest comparison is between the present price of the same article at home and abroad; and to the extent that the price is lower in the foreign market than in our own, the duty, if equal to the difference, must to that extent enhance the price, and in the same ratio with the lower duty. The difference in price at home or abroad is generally about equal to the difference in the price of production and presents in a series of years the surest measure of the effect of the duty — the enhancement in price being equal to that difference if the duty be higher than that difference or equal to it; or if the duty be lower then the enhancement is equal to the duty; and if the article is produced, like cotton, more cheaply here than abroad, the duty is inoperative. The great argument for the tariff is that, foreign labor being cheaper than our own, the cost of foreign productions, it is said, is lessened to that extent; and that we must make up this difference by an equivalent duty and a corresponding enhancement of price in our own market both of the foreign article and of its rival domestic product—thus rendering the duty a tax on all consumers for the benefit of the protected classes. If the marshal were sent by the federal government to

collect a direct tax from the whole people, to be paid over to manufacturing capitalists to enable them to sustain their business or realize a larger profit, it would be the same in effect as the protective duty which, when analyzed in its simplest elements and reduced to actual results, is a mere subtraction of so much money from the people to increase the resources of the protected classes. Legislation for classes is against the doctrine of equal rights, repugnant to the spirit of our free institutions, and, it is apprehended by many, may become but another form for privileged orders, under the name of protection, instead of privilege — indicated here not by rank or title, but by profits and dividends extracted from the many by taxes upon them, for the benefit of the few.

No prejudice is felt by the Secretary of the Treasury against manufacturers. His opposition is to the protective system and not to classes or individuals. He doubts not that the manufacturers are sincerely persuaded that the system which is a source of so much profit to them is beneficial also to the country. He entertains a contrary opinion and claims for the opponents of the system a settled conviction of its injurious effects. Whilst a due regard to the just and equal rights of all classes forbids a discrimination in favor of the manufacturers by duties above the lowest revenue limit, no disposition is felt to discriminate against them by reducing such duties as operate in their favor below that standard. Under revenue duties it is believed they would still receive a reasonable profit — equal to that realized by those engaged in other pursuits ; and it is thought they should desire no more, at least through the agency of governmental power. Equal rights and profits, so far as laws are made, best conform to the principles on which the Constitution was founded, and with an undeviating regard to which all its functions should be exercised — looking to the whole country and not to classes or sections.

Soil, climate, and other causes vary very much, in different countries, the pursuits which are most profitable in each ; and the prosperity of all of them will best be promoted by leaving them unrestricted by legislation to exchange with each other these fabrics and products which they severally raise most cheaply. This is clearly

illustrated by the perfect free trade which exists among all the States of the Union, and by the acknowledged fact that any one of these States would be injured by imposing duties upon the products of the others. It is generally conceded that reciprocal free trade among nations would best advance the interest of all. But it is contended that we must meet the tariffs of other nations by countervailing restrictions. That duties upon our exports by foreign nations are prejudicial to us is conceded; but whilst this injury is slightly felt by the manufacturers, its weight falls almost exclusively upon agriculture, commerce, and navigation. If those interests which sustain the loss do not ask countervailing restrictions it should not be demanded by the manufacturers who do not feel the injury, and whose fabrics in fact are not excluded by the foreign legislation of which they complain. That agriculture, commerce, and navigation are injured by foreign restrictions constitutes no reason why they should be subject to still severer treatment by additional restrictions and countervailing tariffs enacted at home. Commerce, agriculture, and navigation, harassed as they may be by foreign restrictions, diminishing the amount of exchangeable products which they could otherwise purchase abroad, are burdened with heavier impositions at home. Nor will augmented duties here lead to a reduction of foreign tariffs, but the reverse, by furnishing the protected classes there with the identical argument used by the protected classes here against reduction. By countervailing restrictions we injure our own fellow citizens much more than the foreign nations at whom we propose to aim their force; and in the conflict of opposing tariffs we sacrifice our own commerce, agriculture, and navigation. As well might we impose monarchical or aristocratic restrictions on our own government and people because that is the course of foreign legislation. Let our commerce be as free as our political institutions. Let us, with revenue duties only, open our ports to all the world; and nation after nation will soon follow our example. If we reduce our tariff the party opposed to the corn laws of England would soon prevail and admit all our agricultural products at all times freely into her ports in exchange for her exports. And if England would now repeal her duties upon our wheat, flour, Indian corn, and other agricultural

products, our own restrictive system would certainly be doomed to overthrow. If the question is asked who shall begin this work of reciprocal reduction? it is answered by the fact that England has already abated her duties upon most of our exports. She has repealed the duty upon cotton and greatly reduced the tariff upon our breadstuffs, provisions, and other articles; and her present bad harvest, if accompanied by a reduction of our tariff, would lead to the repeal of her corn laws and the unrestricted admission at all times of our agricultural products. The manufacturing interest opposes reciprocal free trade with foreign nations. It opposes the Zollverein treaty; and it is feared that no other treaty producing a reciprocal reduction of our own and foreign tariffs will receive its support. If that interest preferred a reciprocal exchange of our own for foreign products at revenue duties, it would not have desired a tariff operating without exception against all nations that adopted low as well as high tariffs; nor would it have opposed every amendment proposing, when the tariff of 1842 was under consideration, a reduction of our duties upon the exports of such nations as would receive, free of duty, our flour and other agricultural products. If that interest desired reciprocal free trade with other nations, it would have desired a very different tariff from that of 1842. It would have sought to confine the high duties to those cases where the foreign importer would sell his imports for cash only; and admitted a drawback of one half the duty where American exports would be taken abroad in exchange — not an actual barter of foreign imports for an equal amount in value of our products, but without any barter where a sum equal to the value of their exports was used in purchasing here an equal amount in value of any of our products; and the shipment made abroad of these products upon the same principle under which a drawback of duties is now allowed on the reëxportation of foreign imports. This would be less simple and is not recommended in lieu of that absolute reduction of duties which will accomplish the same object of unrestricted exchange. But such a provision would be a self-executing reciprocity law, and should be desired by those believing in countervailing tariffs against foreign nations but in reciprocal free trade with all — thus enabling our

farmers and planters to sell their products for cheaper foreign manufactures, getting more for what they sell, and paying less for what they purchase in exchange. It seems strange that while the profit on agriculture varies from 1 to 8 per cent., that of manufactures is more than double. The reason is that whilst the high duties secure nearly a monopoly of the home market to the manufacturer, the farmer and planter are deprived to a great extent of the foreign market by these duties. The farmer and planter are to a great extent forbidden to buy in the foreign market and confined to the domestic articles enhanced in price by the duties. The tariff is thus a double benefit to the manufacturer and a double loss to the farmer and planter — a benefit to the former in nearly a monopoly of the home market and in enhanced prices of his fabrics; and a loss to the latter in the payment of those high prices and a total or partial exclusion from the foreign market. The true question is whether the farmer and planter shall to a great extent supply our people with cheap manufactures purchased abroad with their agricultural products, or whether this exchange shall be forbidden by high duties on such manufactures, and their supply thrown as a monopoly, at large prices, by high tariffs, into the hands of our own manufacturers. The number of manufacturing capitalists who derive the benefit from the heavy taxes extracted by the tariff from twenty millions of people, does not exceed ten thousand. The whole number (including the working classes engaged in our manufactures) deriving any benefit from the tariff does not exceed 400,000, of whom not more than 40,000 have been brought into this pursuit by the last tariff. But this small number of 40,000 would still have been in the country, consuming our agricultural products; and in the attempt to secure them as purchasers, so small in number, and not consuming one half the supply of many counties, the farmer and planter are asked to sacrifice the markets of the world, containing a population of eight hundred millions, disabled from purchasing our products by our high duties on all they would sell in exchange. The farmer and planter have the home market without a tariff; and they would have the foreign market also to a much greater extent but for the total or partial prohibition of the last tariff.

We have more fertile lands than any other nation, can raise a greater variety of products, and, it may be said, could feed and clothe the people of nearly all the world. The home market of itself is wholly inadequate for such products. They must have the foreign market; or a large surplus, accompanied by great depression in price, must be the result. The States of Ohio, Indiana, and Illinois, if cultivated to their fullest extent, could of themselves raise more than sufficient food to supply the entire home market. Missouri or Kentucky could more than supply it with hemp; already the State of Mississippi raises more cotton than is sufficient for all the home market; Louisiana is rapidly approaching the same point as to sugar; and there are lands enough adapted to that product in Louisiana, Texas, and Florida to supply with sugar and molasses nearly all the markets of the world. If cotton is depressed in price by the tariff, the consequence must be a comparative diminution of the product, and the raising in its place to a great extent, hemp, wheat, corn, stock, and provisions, which otherwise would be supplied by the teeming products of the West. The growing West in a series of years must be the greatest sufferers by the tariff, in depriving them of the foreign market and that of the cotton-growing States. We demand, in fact, for our agricultural products specie from nearly all the world by heavy taxes on all their manufactures; and their purchases from us must therefore be limited as well as their sales to us enhanced in price. Such a demand for specie, which we know in advance cannot be complied with, is nearly equivalent to a decree excluding most of our agricultural products from the foreign markets. Such is the rigor of our restrictions that nothing short of a famine opens freely the ports of Europe for our breadstuffs. Agriculture is our chief employment; it is best adapted to our situation, and if not depressed by the tariff would be the most profitable. We can raise a larger surplus of agricultural products and a greater variety than almost any other nation and at cheaper rates. Remove then from agriculture all our restrictions, and by its own unfettered power it will break down all foreign restrictions, and, ours being removed, would feed the hungry and clothe the poor of our fellow men throughout all the densely peopled nations of the

world. The tariff did not raise the price of our breadstuffs, but a bad harvest in England does — giving us for a time that foreign market which we would soon have at all times by that repeal of the corn laws which must follow the reduction of our duties. But whilst breadstuffs rise with a bad harvest in England, cotton almost invariably falls; because the increased sum which in that event England must pay for our breadstuffs we will take not in manufactures but only in specie; and not having it to spare she brings down even to a greater extent the price of our cotton. Hence the result that a bad harvest in England reduces the aggregate price of our exports, often turns the exchanges against us, carrying our specie abroad, and inflicting a serious blow upon our prosperity. Foreign nations cannot for a series of years import more than they export; and if we close our markets against their imports by high duties, they must buy less of our exports, or give a lower price, or both.

No apology is required for cumbering this volume with the entire argument of Secretary Walker against the protective system. In its way it is as much a classic of the tariff discussion as Hamilton's "Report on Manufactures," and, to say the least, is as little read as the earlier document. It had a great reputation in its time,[1] and is frequently referred to but rarely quoted in the works of free trade writers. Some of the protectionists, in Congress and outside of it, regarded the course of the Secretary in advancing and sustaining opinions on the tariff radically different from those of every one of his predecessors as an arrogant attempt to override the public sentiment of the country, and as a grievance of which they might justly complain. But they had no more right to feel aggrieved at the Secretary's exhibition of partisanship in presenting

[1] It was reprinted by order of the House of Lords for the use of the House. See "National Intelligencer," February 21, 1846, quoted by Mr. Chase, of Tennessee, — an opponent of protection, — June 26, 1846. (Appendix to "Congressional Globe," Twenty-ninth Congress, first session, p. 753.)

the free trade side of the controversy than had the free traders themselves at the frequent and sometimes offensive advocacy of protectionism by some of his predecessors.

Moreover, it is merely an act of common fairness preliminary to such an examination of the report as it is now proposed to make to give it in full, in order that the justice of the criticism may be rigidly tested. That the report abounds in appeals to the interests of the poor and in hostility to the rich, that it was manifestly intended to excite in the wage-earners of the country and the planters and farmers a sentiment of antagonism towards "the protected classes" by representing them as heartless and grasping, is a feature to which attention is called without further remark than that it is characteristic rather of the demagogue than of the statesman. It is much more to the point for present purposes to assert that this state paper is full of incorrect statements, of false reasoning upon untrue dogmatic assertion, and — which follows naturally — of untenable conclusions. Let us, avoiding in general such part of the discussion as is merely a repetition of the familiar academic argument for free trade as against protection, examine some passages upon which the foregoing characterization is based.

We need give little heed to the treatment of the constitutional question, which is superficial and dogmatic to a degree. The reasons for holding a protective tariff to be unconstitutional have been much better presented than they were presented by the Secretary, and they have been fully considered in a former chapter. The only novelty in his discussion of it is his emphasis upon the words "and collect" in the grant of power to Congress. It is a quibble which may be answered by another. If the phrase "lay and collect" is to be construed as forbidding Congress to lay any duties which are not to be collected, then we may say that the words "imposts and excises" are similarly

connected, and that Congress may not lay imposts without also laying excises. As a matter of fact, however, in no tariff act has Congress ever laid duties which were not to be collected. It established certain rates of duty on certain articles; and it was left to the judgment of merchants whether or not to import those articles. If they chose to import them the duties were to be and were collected. To assume that any rate of duty above that which would yield the largest revenue was laid in violation of the Constitution is to lay upon Congress the duty of exercising a degree of knowledge closely approaching omniscience, under penalty for a transgression of the limitations imposed by the Constitution.

The spirit of the Secretary's report, in this as in other passages, is that the object of a tariff is to encourage the largest importations, regardless of competition with home products. He wished all restrictions removed, our ports opened to all the world, and the planters and farmers enabled to exchange their products for the manufactures of other countries. This is an intelligible position; but in connection with the admission that such manufactures could be produced more cheaply abroad than at home, it involved the destruction of the home industries already in operation, to say nothing of the withdrawal of encouragement to establish new ones.

But the main purpose of the report was to show that a protective tariff was harmful and unjust. First, as to its effect upon the foreign trade. The Secretary twice asserts and several times intimates less directly that many of the duties under the act of 1842 were prohibitory. Many of them, he said, "are becoming dead letters except for the purpose of prohibition." Was this a candid statement? The imports of dutiable articles in 1844, the first full year under the new tariff, were greater than in any year, except 1836 and 1839, since the passage of the compromise act. Secretary Walker's report was founded

upon the condition of things in 1845, in which year the importation of dutiable goods was eleven and a half million dollars in value above that of 1844, an increase of fourteen per cent., and — excepting the year 1836, when speculation was rife — larger than in any year since 1820. The duties paid were more than those collected in any year of the operation of the acts of 1832 and 1833. The gross imports do not make so favorable a showing; for although those of 1845 were larger than in either of the three preceding years, they were exceeded six times in the decade 1831–40. But it will hardly be contended that a decline in the importation of goods free of duty, offsetting an increase in dutiable merchandise, is valid evidence of the prohibitory character of the act of 1842.

Moreover, there was a noticeable increase in the importation of goods in the classes of protected articles. The following table, made up from those appended to Secretary Walker's report, is a conclusive answer to his allegation that the tariff was prohibitory. The articles selected are the four which were specially obnoxious to free traders: —

VALUE OF MANUFACTURES IMPORTED.[1]

Year.	Cottons.	Woollens.	Iron and steel.[2]	Glass.[3]
1841	$11,757,036	$11,001,939	$8,885,823	$239,838
1842	9,578,515	8,375,725	7,567,752	177,983
1843[4]	2,958,796	2,472,154	2,103,684	61,591
1844	13,641,478	9,475,762	5,693,823	227,405
1845	13,863,282	10,666,176	9,043,399	451,638

From this table it appears that the importation of goods of the protected classes, so far from being prohibited, was increasing steadily under the act of 1842; and that it was larger with respect to three of the four classes and smaller to an insignificant degree in the case of one than in 1841,

[1] Table W, p. 944, Report of the Secretary of the Treasury, 1845.

[2] Including pig, bar, etc., from Table X, p. 949.

[3] From Commerce and Navigation report of the same year.

[4] Nine months only. Fiscal year changed at this time.

and much larger as to all of them than in 1842, the year of the lowest duties.

The Secretary mentioned specifically no article on which he asserted that the duties operated as a prohibition upon importation, but contented himself with a safe generalization. In the debates in Congress, in 1846, his assertion was repeated again and again, and drew forth from the protectionists many a challenge to name the articles with respect to which the assertion was true. Once only was the challenge honored with a response; the article mentioned was coarse and cheap cotton goods. The reply was immediately made that such cotton goods were made so well and so cheaply in this country that they were exported to many foreign countries on terms of better than equal competition with the English. Consequently the users of such goods at home obtained them at a lower price than if they could purchase them abroad and import them free of duty. It is quite conceivable that the fact thus brought out might be called into the service of free trade to prove the needlessness of the duty, but it was trifling with the intelligence of the people to cite an article which was cheaper in New York than in Manchester as an illustration of the oppressiveness of the tariff.

Secondly, as to the effects of the tariff of 1842 upon the profits of capital. The Secretary asserted that the question of a protective tariff was one whether money invested in manufactures should, by special legislation, yield a profit of ten, twenty, or thirty per cent., or whether it should be satisfied with the return accruing from other occupations. And, again, he declared that while agriculture gained a profit of from one to eight per cent., the gain of manufactures was more than double. These statements are made as though they were ascertained facts. The truth is that Secretary Walker had no better and no other authority for them than his own guesswork. No inquiry had then, or has since, been made which affords

even a rough indication of the profits of agriculture in this country. There have been in recent years, but there had not been in Secretary Walker's time, some attempts at an approximation of the profits of manufacturing; but the results are without value. The Secretary himself, before preparing this report, sent out two circulars asking for a great variety of information, and among other questions was one inquiring as to the profit of manufacturing. But the fruits of this inquiry were extremely meagre; and one thing which they certainly do not prove is that the profit of manufacturers was as high as ten per cent. on an average. Although the replies are not consolidated or tabulated, it is believed that a fair average of the profits reported would not exceed six per cent. a year.[1]

[1] Two circulars were prepared, the first to be answered by manufacturers, the second by farmers and others. The one contained forty questions, the other twenty-eight. They are printed together with the answers in full, in the report for 1845, where they occupy 736 pages. This feature of the report is perhaps unique in public documents. The replies are arranged by States, in geographical order. The circulars are reprinted in full at the beginning of the replies from each State, so that one or both of them are printed twenty-nine times. Moreover, the answers are made to occupy only one half of each page, the rest of which is blank, — making a remarkably profitable job for the printer. The answers themselves are of the slightest possible value individually; and, although they occupy so much space, are not numerous enough to shed any light on the subjects regarding which the Secretary sought information. Only twelve manufacturers in Massachusetts sent replies to the circular, and only twenty-six in all New England; and even these include a plaster-mill, a saw-mill, and a hardware store. Some of the pages devoted to replies from the Western States contain matter of a kind not, probably, to be found in any other government publication, — series of newspaper articles signed "A Native of Louisiana," "An ex-Looker-on in Washington," and so on, attacking the tariff; resolutions of a Democratic county convention in Ohio (p. 850); and anonymous contributions to newspapers, from one of which (p. 480) this choice extract is made: —

"Here I will notice a fallacy of Daniel Webster's delivered at the mass meeting at Albany; and which was the only point he made in political economy in all his great flourish of words; which I will notice for the purpose of showing up the sophistry and deceit of the high tariff advocates. . . . But Daniel did not tell us," etc.

If the Secretary had possessed other authority for his bold and sweeping statement he surely would have presented it. So far as that which he does present is of any value it contradicts his statement, as does other meagre and partial testimony drawn from contemporary records. But it must be admitted that it is as little capable of being completely refuted as it is of being verified. The manufacturing industry was prosperous and profitable under the act of 1842; it was one of the purposes of the act to make it so. But that prosperity in itself could not be justly regarded as a grievance unless it was at the expense of other interests; in which case it would be a proper reason for revising the tariff, but would not excuse an exaggeration of the benefits conferred upon manufacturers by the tariff.

The Secretary further professes to have ascertained how much benefit it did confer upon them. He declares that two thirds of the taxes were paid not into the Treasury but to the protected classes; and since the customs duties the previous year had been twenty-seven millions, twice that sum, fifty-four millions, went to the beneficiaries of the act. Elsewhere in the report he fixes the number of manufacturers benefited at not more than ten thousand; and it follows, although he did not announce the result, that these manufacturers derived an average annual income of $5400 above their legitimate profits by the operation of the tariff. No inquiry of any sort was made in order to furnish a basis for either estimate. No one knew then, or knows now, even approximately, how many manufacturers are benefited by a tariff. The assertion that twice as much is paid to favored persons as the sum that reaches the Treasury in consequence of protection involves an amusing absurdity. For Mr. Walker applied the statement to the entire importation of foreign goods, and it follows that he would have us believe that the manufacturers derived large profits — twice the amount of the duties from the importation of wine and brandy, silk and

linen goods, crockery, and hundreds of other varieties of merchandise not produced in this country at the time.

Thirdly, as to the wages of labor. The Secretary asserts with the utmost positiveness that wages had not been increased since the passage of the act of 1842, but that in some cases they had been diminished. Here again his assertions rest upon no basis of ascertained fact. In his circular addressed to manufacturers he did not even ask the question what the tendency of wages had been.[1] His declaration that there had been no increase was often contradicted in Congress; but the members, like the Secretary, had no general information which would give authority to their statements. We have but one citation to offset against Mr. Walker's assertion, but it is one of not a little significance. Nathan Appleton, in his pamphlet, "What is a Revenue Standard,"[2] says that on inquiry of the different agencies at Lowell he finds "that the average earnings of operatives have increased fully one third since the disastrous year 1842." The cotton manufacture was the only one as to which the detested "minimum" system was retained in the act of 1842; it was the typical protected manufacture; the Lowell mills were the largest in the country; and it was at Lowell where, according to the theory of the Secretary, aggregated capital could most surely control the wages of its operatives. For Mr. Walker announced it as a principle that where the number of factories is small, capitalists can exercise but a slight power over the wages of labor; but that, as the number increases, they gain greater, even irresistible power. The fact that this principle is contradicted by all human experience, that, indeed, the reverse of it is true, does not invalidate the usefulness of the case at Lowell as a reply to the Secretary.

[1] He did ask them to inform him as to the "average rate of wages in the United States!" (Question 40.)

[2] Page 16.

Fourthly, as to the general effect of the tariff upon the prosperity of the non-protected classes, and its oppressive character in its relation to the poor. A part of this subject has already been considered in the introduction to this chapter. We have seen that while the tariff was in operation — whether it was due to the tariff or not — the whole country and all interests and industries were prosperous. It is open to any one to contend, as a matter of theoretical speculation, that the prosperity would have been greater if the protective tariff had not been passed; it is not admissible to argue that the tariff was oppressive when the conditions were such that no one could perceive that he himself was oppressed. If a man is conscious of perfect health, it is absurd to tell him that his course of life is injurious to his constitution and that he must amend it in order to restore him to a sound condition. The fact relied upon by the Secretary to prove the oppressiveness of the tariff was the enhanced prices of some articles. But advancing prices are a feature of every period of good times. Moreover, if it were admitted that the enhanced prices were caused by the tariff, it is only fair to take the consequences of such a measure as a whole. If prices were augmented, and if labor was better employed, and if business was more active as a result of the tariff, it is not just to select the first of these conditions as a grievance, and not to admit the others as an offset to it.

The Secretary twice appeals to a House document of the preceding Congress to prove that there was a great and unjust discrimination against the goods purchased by the poor in the duties imposed by the act of 1842. He affirms that there was a difference, for example, of sixty-five per cent. between the duty upon the cheaper and that upon the finer grades of cotton goods under the twenty cent minimum. The state of being a congressional document does not insure infallibility, which must be proved by an

exhibit of authority. In this case, an examination of the document shows that the several percentages so confidently repeated by Secretary Walker were "as estimated in statements made to the committee upon the authority of known and respectable merchants and importers in several of the large commercial cities;" and the origin of it appears on page 72 of the document, where the same rates are given in a Manchester, England, price-current. It is a fair surmise that the price-current was submitted to the importers, who were interested in breaking down the tariff, and approved by them. The futility of all such calculations is indicated by the fact that at the time the document was issued cloth of the quality on which sixty-five per cent. excess of duty is alleged to have been levied was selling at a lower price per yard in New York than in Manchester.

That part of the report which contrasts the effect of the tariff upon the manufacturer and that upon the farmer and planter is a good specimen of loose thinking and loose reasoning. The signification of the assertion that those engaged in agriculture were to a great extent "deprived of the foreign market" seems at first to reveal itself in the next sentence, where they are said to be "forbidden to buy in the foreign market," and this suggestion is confirmed by some phrases in the sentences immediately following. A little further on, however, the Secretary says that they are "asked to sacrifice the markets of the world . . . disabled from purchasing our products;" and still later he explains his theory, which is that "we will take nothing in exchange for these products [of other countries] but specie," that it is impossible to comply with such a demand for specie, and consequently "their purchases from us must be limited." This surely was letting theory run away with facts. The imports, deducting reëxports, and the exports of domestic produce during the three years preceding the issue of this report, were as follows: —

Year.	Net Imports.	Exports.
1843	$58,201,692	$77,793,783
1844	96,950,168	99,715,179
1845	101,907,734	99,299,776

The Secretary thus had before him evidence that under the law which he declared required foreign nations to pay us in specie for all they purchased from us, we imported almost exactly enough to furnish them the means of payment without any resort to specie; and along with it went the proof that the farmer and planter were not excluded from the foreign market in any sense of that phrase. In five years only of the twenty-two next preceding the passage of the act of 1842 were the exports of a larger value than those of 1845, and in one year only was the excess more than seven per cent.

The whole passage now under consideration is permeated with two erroneous ideas which are too commonly found in economic literature: the first that there is such a mutual interdependence and correlation in international trade that a country is debarred from buying the products of another nation which cannot or will not buy from it; the other that sentiment, national friendliness, a desire for reciprocity, rather than necessity, price, and hard-headed business considerations, regulate the purchases of a nation, particularly purchases of articles of food. Secretary Walker says that nothing but a famine would open the ports to our breadstuffs. If this were true it was not a consequence of the tariff, but partly a result of commercial restrictions in other countries and partly because there was no demand for additional supplies of food. When European crops were full there was little need of more breadstuffs; when the crops were short food must be had, and it would be obtained from the countries where it could be purchased to the best advantage. The utmost freedom of trade, the abolition of all customs duties at American ports, would not have increased the demand in England

for American flour to the extent of a single barrel, nor would it have made the barrel of American flour a penny cheaper to the foreign purchaser.

Both the theories mentioned above are contradicted by the history of international trade of all countries in all times. Not a single example can be cited of a serious decline in the imports of one nation from another because of a refusal of the second country to buy the products of the first. On the other hand, examples by the score can be had, taken almost at random, of continued and increasing export trade to one country by another which placed great, even prohibitory, obstacles in the way of importations from the country to which it sold freely. Familiar examples are the large importations of British goods into this country during a long series of years when American products were hardly admitted to England on any terms; the great expansion of American exports to Great Britain during the last half-century — an expansion which was greatest when the "tariff wall" was highest; and the growth and continuance of an enormous importation to the United States — in spite of export duties — of Brazilian coffee and caoutchouc, of Argentine hides, of Cuban sugar and tobacco, — all from countries which laid heavy burdens on the importation of American produce, and which in fact purchased but an insignificant amount of that produce. There is no friendship in trade, and no international friendship in foreign trade. Great Britain now buys our wheat, which she formerly excluded, when and because it is the interest of those who buy to do so. American purchases of Rio coffee and of Havana cigars are quite independent of any consideration whether Brazil or Cuba does or does not purchase anything in this country. In the early days of foreign trade a shipmaster carrying a cargo to a foreign port sold it there, and either purchased a new cargo with the proceeds or received payment in silver dollars and sailed

away with them. According to modern ways of trade, the person who sells flour or cotton or pork to be sent abroad is rarely or never the person who buys silk or wine or crockery to be imported. They are not only not the same person but they have no business relations with each other, and their several acts are not mutually dependent, since neither knows what the other has done, is doing, or is about to do. Each transacts his own business. The one sells what he can and receives a foreign credit which he sells to a banker; the other buys what he thinks he can sell at a profit, and buys a foreign credit with which to pay for his purchases. The aggregate is the foreign trade of the country and is the resultant of a great number and a great variety of individual acts, each dictated by the selfish motive of the person performing it, and in no sense and to no degree by a consideration of the public welfare.

If this view of the subject be accepted, it follows that the tariff affected in no way the amount of American produce which could be or was sold abroad; and the allegation of Secretary Walker that it had a tendency to exclude the farmer and planter from the foreign markets falls, with so many other of the statements on which he relied to prove the injurious and inequitable character of the act of 1842.

The legislative history of the act of 1846 is brief but interesting, and in some passages even dramatic. The utterances of the President and the anti-protection argument of the Secretary of the Treasury were received with alarm by the protectionists, who, nevertheless, were in a hopeless minority in Congress. In the election of a Speaker the Democrats supported Mr. John W. Davis, of Indiana, a free trader,[1] and he was chosen by a vote of 120 to 72 for Samuel F. Vinton, of Ohio, and 19

[1] Nine Southern members did not vote for him.

"scattering." The Speaker appointed a Committee of Ways and Means consisting of six Democrats, one of whom was a protectionist, and three Whigs. Upon the resolution referring the tariff question to the committee Mr. Stewart, of Pennsylvania, proposed an instruction against a revision of the tariff of 1842; but after making a speech upon it he withdrew his amendment, on the urgent advice of some of his colleagues, who foresaw defeat if it were pressed to a vote.

It was a long time before the committee reported a bill. A Democratic senator, Mr. Niles, of Connecticut, who opposed the measure, gave an account of the manner in which the bill was prepared, which may or may not be accurate, but which does not seem to have been contradicted.[1] The matter is interesting rather than important; for however the bill was prepared the Committee of Ways and Means adopted it, and the administration also became responsible for it by using all the means in its power to secure the passage of the bill as a party measure. The committee reported it on the 14th of April, but it was not taken up to be considered in Committee of the Whole until June 14. In its original form — and it was amended afterward only in certain details, which will be mentioned — it arranged all classes of articles which were to be subject to duty in seven classes, to pay ad

[1] "Soon after [the beginning of the session] he [the Secretary of the Treasury] summoned a number of subordinate custom-house officers to aid him in the details of his plan, and they assembled in a room in the Treasury building, constituting a sort of special Congress, or supplement to the Congress convened in these halls. They remained in session some months and finally they were transferred to the room of the Committee of Ways and Means of this House. I will not stop to inquire under what grant in the Constitution this supplemental Congress was convened; but it is a little remarkable that the most important measure of the session — what has since been called 'the great measure of the age' — was confided to this Congress of custom-house officers, whilst the Congress assembled in this Capitol was employed upon private petitions, private claims, and other small matters." (Appendix to "Congressional Globe," Twenty-ninth Congress, first session, p. 882.)

valorem duties at 75, 30, 25, 20, 15, 10, and 5 per cent. respectively. There was also an eighth class of free articles. All unenumerated articles were to pay 20 per cent. Schedule A, at 75 per cent., comprised brandy, other spirits, and cordials. Schedule B, 30 per cent., included manufactures of iron and other important metals, of glass, of cotton, wool, and worsted, of wood, of paper, and also a great variety of articles, of which coal, soap, sugar, fruits, spices, tobacco, and wine may be mentioned. Schedule C, 25 per cent., contained wool, woollen and worsted yarn, silk, cables and cordage, and a few other articles. The other schedules need not now be described. There was a provision in the bill, which was ultimately dropped, that in case there should be a deficiency of revenue in any year, there should in the next year be levied a 10 per cent. duty on tea and coffee. All specific duties were abolished, as well as all minimums.

The general debate on the bill began on the 16th of June and was continued on every day the House was in session until July 2, when amendments were voted upon; it would not be true to say that the amendments were considered, for more than one hundred of them were acted upon separately on that day and the next, July 3, when the bill was passed. The discussion in the House consisted altogether of "set" speeches, not one of which, in all probability, affected a single vote. They were nevertheless useful in relieving the minds of the members, and in enabling them to let their constituents know the reasons of their action. Some of the speeches were exceedingly good. It is easy to recognize the sincere men on both sides, and those to whom the adjective does not apply. For there were not only protectionists who evidently believed thoroughly that the pending measure was about to involve all the manufacturers of the country in a common ruin, but also others whose speeches indicate that they opposed the bill merely because it was a Democratic

measure and they were Whigs. On the other hand, there were Democrats whose support of the bill was exclusively political. It is amusing to note such cases as that of Mr. Wilmot, — afterward the author of the famous Wilmot Proviso, — a Pennsylvania Democrat, who made a long speech in favor of the principle of the bill, who even thought protection unconstitutional, and yet pleaded for a higher rate and specific duties upon coal and iron;[1] or of Mr. Hough, also a Democrat, of New York, who held similar opinions on the general question, and yet urged more protection for wool;[2] or of Mr. Hannibal Hamlin, of Maine, afterward Vice-President, who was a thick-and-thin supporter of the administration, and voted for the bill, but endeavored by offering numerous amendments to obtain higher duties for the articles in which his State was interested, — fish, wood, and lumber.[3] One of the best speeches on the protectionist side was that of a colleague of Mr. Hamlin, Mr. Luther Severance, who made a keen analysis of the report of the Secretary of the Treasury, and brought statistics to the aid of his cause in an effective way. Most of the Northern supporters of the bill contended strongly that they were not hostile to manufactures nor to manufacturers. The Southern members found discretion in an attitude of indifference as to the consequences of their action upon Northern industry or in open hostility to the North. Thus, Mr. Towns, of Georgia, commenting upon a table showing the deposits in the savings banks of Massachusetts, expressed indignation that the laborers in the North were able to earn much more than a Southern planter could earn "*from his laborers*," — in other words, that the income of a free laborer was greater than that which a slaveowner derived from the labor of a slave.[4] It

[1] Appendix to "Congressional Globe," Twenty-ninth Congress, first session, p. 771.

[2] *Ibid.* p. 775.

[3] "Congressional Globe," p. 1048.

[4] "Let any man in the South engaged in planting estimate the amount of his income from his laborers, including men, women, and children, and

may be said in general that politics and local interests dominated the debate. A careful study of it fails to reveal anything at once fresh and important that was said by members on either side of the question. That which has been quoted above is interesting and amusing rather than deeply significant. The opponents of the bill made as much as they could of the argument that it was hazardous to enter upon experiments with the finances at a time when the country was engaged in war. It cannot be denied that it was a strong point; but the advocates of the bill were in a majority, and were unmoved by this as by all other arguments against the measure. Whether they really believed that the reduction of duties proposed by the bill was to result in an increased revenue, or whether their zeal for a party policy overcame misgivings as to its effect upon the revenue, cannot be told and perhaps at this day is of little moment. That it was a means of restraining and limiting the too rapid growth in population, wealth, and political power of the North was evidently one reason for the support of the bill by some Southern members. It would be assuming too much to declare that it was an argument for all the members of that section of the country, or that it was the controlling motive with any of them.

When the House came to the consideration of the bill in detail, every amendment proposed by an opponent of the bill was rejected, as were most of those offered independently by its supporters; and every one offered by

they will see that they do not average one third of the amount deposited in the savings banks by the laborers of Massachusetts! Will they not inquire into the cause of this vast difference in the value of labor in the South and East? And if they should find that it results from the influence of the protective system, which they are as certain to discover as that they make the examination, is it to be believed they are to remain silent and inactive, year after year, under a state of wrongs paralyzing their energies and absorbing their sustenance?" (Appendix "Congressional Globe," p. 833.)

Mr. McKay, the chairman of the Committee of Ways and Means, was accepted. Some of the amendments were important. The rate of duty upon articles in Schedule A was raised from seventy-five per cent. to one hundred, and that upon those in Schedule B from thirty per cent. to forty.[1] Some transfers of articles from one schedule to another were made. Mr. Andrew Johnson, of Tennessee, endeavored to strike from the bill the section providing for a duty on tea and coffee whenever the revenue should be deficient, and to insert in place of it a provision for a tax upon all bank capital, on all United States and State bonds, on all money lent at interest in excess of ten thousand dollars, and on the capital, exceeding fifty thousand dollars, of any manufacturing establishment.[2] The amendment having been rejected, the section was struck out, on motion of Mr. McKay, and coffee and tea remained free under the act of 1846.[3] An important amendment which was adopted by the Committee of the Whole, but was afterward rejected on a yea and nay vote in the House, abolished all drawbacks and bounties on the exportation of fish.

Salt, as usual, caused a great deal of difficulty. The

[1] When Mr. McKay moved to make the rate forty per cent., Mr. Schenck, of Ohio, — afterward prominent in politics, and minister to Great Britain, — inquired if it would be in order to insert the words "fifty-four" before "forty," a witty allusion to the blustering claim to "the whole of Oregon" and the subsequent meek acceptance of a dividing line on the forty-ninth parallel, which will be appreciated by those who are familiar with political history.

[2] Mr. Johnson seems always to have been antagonistic toward capital and money-lenders, private or corporate. It may be recalled that more than a score of years afterward he recommended to Congress, in his fourth annual message, that all future interest payments upon the government bonds be regarded as partial payment of the principal, thus effecting the extinguishment of the public debt in sixteen and two thirds years. See "Messages and Papers of the Presidents," vol. vi. p. 678.

[3] If imported in American vessels or in vessels of countries entitled to reciprocal privileges, direct from the country where they were produced, which has a flavor of protection to American shipping.

original bill imposed a duty of twenty per cent. on the article. A motion by Mr. Norris, Democrat, of New Hampshire, to strike it out from Schedule D and place it upon the free list, was carried in Committee of the Whole, by a vote of 90 to 60. Several attempts were made unsuccessfully to restore it to the dutiable list on some of the schedules at a lower rate. When the amendments made in Committee of the Whole were taken up, the amendment striking salt from Schedule D was carried, on a yea and nay vote, by 115 to 92. Reconsideration was moved and rejected, yeas 100, nays 106. Then the amendment putting salt on the free list was taken up and adopted, yeas 105, nays 102. Reconsideration was moved and carried, yeas 104, nays 98; and then the amendment was rejected, yeas 104, nays 105. The result of the contradictory voting was that, although salt was struck from the list of enumerated dutiable goods, the failure to place it on the free list left it among the unenumerated articles which paid duty at twenty per cent. precisely as if it had been undisturbed in its original position in Schedule D.

The bill was brought to its final stage on July 3, and was passed by a vote of yeas 114, nays 95. In general, the vote was on party lines. Eighteen Democrats in all voted against the bill, of whom Pennsylvania supplied eleven, New York four, New Jersey two, and Maryland one. Two Whigs only, one from Maryland and one from Alabama, supported the bill. Mr. Wilmot was the only Pennsylvania member who voted in the affirmative. The Southern, that is, the slaveholding, States gave fifty-six votes for the bill and twenty against it, — eleven from Kentucky and Tennessee. In the list of opponents of the bill appear the afterward well-known names of Alexander H. Stephens and Robert Toombs, of Georgia.

The course of the bill through the Senate furnished a series of surprises. The upper House of Congress was

closely divided. Politically it consisted of 31 Democrats and 25 Whigs, after the admission of the Texas members; but both the Democratic senators from Pennsylvania and Mr. Niles, of Connecticut, were opposed to a modification of the tariff of 1842, and one of the North Carolina senators resigned in order to avoid voting on the bill. Mr. Haywood, the senator who took this course, was also a Democrat; but he was opposed to Secretary Walker's bill and still more strongly opposed to the manner in which it was managed in the Senate. His resignation gave rise to an interesting debate on July 28.[1] On the other hand, Mr. Jarnagin, of Tennessee, a Whig, voted for the bill under instructions from the legislature of his State, although he made a strong speech against it, and on many of the preliminary questions voted with the protectionists. The facts here noted changed the political division of 31 to 25 into a division on this bill of 28 to 27, which was the exact vote by which ultimately it was passed.

The contest began immediately upon the appearance of the bill in the Senate. Mr. Sevier, of Arkansas, moved that it be printed and made a special order for the next Monday. This proposition to dispense with the customary reference to a committee was warmly opposed. The consciousness of power on the part of the Democrats was indicated in a remark by Mr. Sevier, that if there were the slightest reason to suppose that any senator would change his opinion or his vote in consequence of any examination he might bestow upon the bill, it would be a reason for the delay involved in a reference to the committee. The impossibility of contending successfully against the administration phalanx was likewise made to appear in the remarks of Mr. Niles, one of the three Democratic opponents of the bill. "It was easy to see," he said, "the fate of this measure. There would probably be no

[1] "Congressional Globe," Twenty-ninth Congress, first session, p. 1147.

amendments tolerated; reference therefore would be of little importance. . . . He saw it was determined the bill should be forced through without examination." Reference was refused and Mr. Sevier's motion was adopted.

The bill was before the Senate from Monday, July 13, until Tuesday, July 28, when it was passed. The debate was of a higher order than that in the House of Representatives. The Democrats, with the exception of Mr. Lewis, of Alabama, the chairman of the Committee on Finance, who made an able presentation of the case for the bill, delivered no long set speeches. Mr. Benton, Mr. McDuffie, and others who had participated in so many tariff controversies sat silent. The most important speeches in opposition were made by Mr. Webster, Reverdy Johnson, of Maryland, Mr. Evans, of Maine, and Mr. Niles, of Connecticut. Both Mr. Webster and Mr. Niles called attention in a striking way to the fact that the bill imposed as high duties upon raw materials as upon manufactured products, and in some cases the duties were higher upon the raw materials. Some woollen goods, for example, were taxed but twenty or twenty-five per cent., whereas wool was taxed thirty per cent. Pig iron and certain manufactures of iron were rated at thirty per cent., but all manufactures not enumerated were charged only twenty per cent. Other similar examples were given. No doubt it was this feature of the bill which led Mr. John M. Clayton, of Delaware, on July 27, to offer two resolutions. The first, directing that the bill be referred to the Committee on Finance "with instructions to restore the specific duties prescribed by the act of the 30th of August, 1842," was defeated by yeas 26, nays 29. Mr. Jarnigan, of Tennessee, before voting *no*, read to the Senate the instructions of the State legislature which directed him to vote against specific duties and minimums; but he intimated that he should feel free to vote for Mr. Clayton's other resolution, which was as follows: —

That the bill be committed to the Committee on Finance with instructions to remove the new duties imposed by said bill in all cases where any foreign raw material is taxed to the prejudice of any mechanic or manufacturer, so that no other or higher duty shall be collected on any such raw material than is provided by act of 30th of August, 1842. And further so to regulate all the duties imposed by this bill as to raise a revenue sufficient for the exigencies of this country.

Mr. Clayton avowed that his sole object in offering the resolution was to defeat the bill. After a brief debate the resolution was adopted by a vote of 28 to 27, and the Senate immediately adjourned. Mr. Jarnagin had voted for the resolution, and in the close division of the Senate his was the casting vote. The situation was extremely interesting. Apparently the bill was defeated. Congress had determined to adjourn on the 3d of August, and that day was only one week distant. The tariff bill had been sent to the committee with instructions which could not be complied with in the week remaining ; much less could the bill be considered by both houses and passed in that time. The sensational close of the Senate debate by this vote was followed by a still more sensational act of the advocates of the bill.

On the following morning Mr. Lewis, the chairman of the Committee on Finance, reported back the bill and asked to be discharged from the further consideration of the instructions. Mr. Lewis said that the instructions were so indefinite that it was impossible to comply with them. "Did you try?" asked Mr. Archer, of Virginia; and Mr. Evans, a member of the committee, said that they did not even unroll the papers to see whether they could comply with the instructions. Mr. Reverdy Johnson, also of the committee, said that the committee was called together at five o'clock that morning; but that pen was not put to paper for the purpose of ascertaining whether

it was possible to obey the instructions. Mr. Lewis had said that it was not possible to separate what was from what was not raw material. Mr. Johnson said in reply that the committee could find from the act of 1842 what were the raw materials of some manufactures, — let them comply with that part of the instructions.

The debate went on with great animation and excitement; but when Mr. Jarnagin announced that he had come to the conclusion that his instructions would require him to vote to discharge the committee, the result was foreseen. The committee was discharged by a vote of 28 to 27. Then came a new move which caused the advocates of the bill anxiety. The ninth section provided a new remedy against undervaluation. In all cases in which the appraisers should suspect that goods were fraudulently undervalued, it was provided that the government might seize the goods, sell them by public auction, and after paying to the consignee the declared value with five per cent. additional, cover the balance into the Treasury. This was a clause which Mr. Benton had strongly opposed and declared to be unconstitutional. Mr. Webster moved to strike out the whole section. The motion was carried, 28 to 26, Mr. Benton going with the Whigs, and Mr. Jarnagin not voting. This vote rendered it necessary to send the bill again to the House for concurrence, and thus the programme of the administration that there should be no amendments was violated.

The next movement caused embarrassment in a new quarter. Mr. Johnson, of Maryland, moved to commit the bill to a select committee with instructions similar to those given to the Committee on Finance. The vote was taken and resulted in a tie; for Mr. Jarnagin had withheld his vote. The Vice-President was in the chair, — a Pennsylvanian, a protectionist, one who had done his utmost to persuade the people of the State that Mr. Polk was a truer friend to protection and to manufactures than

Mr. Clay. It was now his duty to give the casting vote, and he voted in the negative, with the free traders, against the protectionists, and against the two senators from his own State. A moment later he was compelled by a repetition of the tie vote to decide the much more important question of the engrossment and third reading of the bill.

Mr. Dallas, before giving his vote, gave an explanation of the reasons which prompted him to decide as he did. He saw in the election of the President and Congress evidence that the will of the people regarding the system of tariff taxation had undergone a change, and he did not think he could "justifiably counteract, by a sort of official veto, the general will." Moreover, the policy previously pursued had been to protect and cherish "infant" manufactures; he thought that most of these saplings had taken deep root, and must share the common lot of human pursuits,—free, fair, and universal competition. The act went farther than he deemed altogether wise; but in giving a casting vote he was the representative of the whole country, and was under obligation to register its will. He voted in the affirmative. Soon after the question came on the passage of the bill; on this Mr. Jarnagin's instructions became operative, the vote was, yeas 28, nays 27, and Mr. Dallas's vote was not required.

It is easy and plausible to take of Mr. Dallas's course either the view that it was wise, courageous, and statesmanlike, or that it was weak and cowardly, and the act of a small politician. There might well be a dispute whether it required the higher courage to adhere to his own convictions, or to forfeit the support of his friends and neighbors by yielding them, as he no doubt thought, for the good of the party.[1] The view that a Vice-Presi-

[1] It was not the first important occasion on which he had so yielded. In 1832 he voted to pass the bank charter over the veto of President Jackson, having introduced the bill and supported it at every stage, and within a month after the failure of the measure addressed a meeting in Philadelphia which adopted resolutions thanking the President for his courage in interposing the veto.

dent was to seek for the popular will and be guided by it may be a reasonable view, but it was not that which Vice-President Calhoun took in defeating the "Wool and Woollens Bill" of 1827, nor that of Vice-President Clinton in 1808 when he defeated the recharter of the first Bank of the United States. It is difficult, moreover, to distinguish between the duty imposed upon the Vice-President to give a casting vote when the Senate is equally divided, and that of the President to approve or disapprove bills submitted to him by Congress. If the one is under obligation to ascertain and register the will of the people, why not the other, who is elected at the same time by the same constituency? Yet the Democratic National Convention of 1844, just before nominating Mr. Dallas, adopted in its platform a resolution opposing "taking from the President the qualified veto power."[1] Mr. Dallas presented his explanation with dignity, and in language which revealed his regret that the responsibility was laid upon him, and yet without a word to express misgiving as to the rightfulness of his decision.

The House of Representatives promptly concurred in the single amendment of the Senate, and the President signed the act on the 30th of July.

Beside the tariff act there were three other financial measures passed during the session of 1845–46 which had a certain influence not to be overlooked in considering the operation of the tariff. The President had sent General Taylor with the "army of occupation" to Texas, in July, 1845; and in January, 1846, by his order, it took up a station on the Rio Grande. War with Mexico resulted, and the formal declaration of war was made by Congress on May 13. The Secretary of the Treasury informed Congress on June 15 that if the war should continue until the end of the ensuing fiscal year, July, 1847, there would be a deficiency of $12,587,000. Accordingly, an act was

[1] "History of the Presidency," p. 215.

passed authorizing an issue of treasury notes and a loan which together were not to exceed ten million dollars. Under this act $7,687,800 of treasury notes were issued and a loan of five millions was negotiated. In 1847 and also in 1848 there were further large loans, with the result that the public debt, which was but fifteen and a half millions at the beginning of 1846, was a little more than sixty-three millions in January, 1849.

At the same session the sub-treasury system, established in Van Buren's administration and abolished in Tyler's, was reëstablished and has continued to be the basis of fiscal administration down to the present time. The change involved the adoption of a rule requiring all payments to the government to be made in specie. Leaving out of the comparison the method of receipt and payment through the agency of a strong national bank, the change was beneficial in its effect upon the currency, cutting off the government as it did from dependence upon small banks with State charters which were apt to fail to protect the currency when protection was most needed.

Still more important, so far as its connection with the revenue from customs was concerned, was the warehousing act, — a reasonable and proper compromise between the credit system which had prevailed so long and the requirement of payment of all duties strictly in cash, — which, according to the compromise act, was to begin its operation in 1842, but was subsequently so far modified by the act of 1842 as to allow goods to remain in public store sixty days without the payment of duty. By the new law merchandise might lie in warehouse a year before payment of duty was to be required. The system was a great convenience to importers. It also undoubtedly served to swell the volume of importations during the flush times in the fifties, by giving importers a sufficient season in which to dispose of commodities which they had brought into the country on a venture.

The act of 1846 remained unchanged[1] for eleven years — the longest period during which any tariff act has been in operation. As a revenue measure it was, upon the whole, successful. It did not during the first year it was in force come up to Secretary Walker's anticipation, and of course it was far from adequate to meet the increased expenditure on account of the Mexican war. The customs duties paid during the three years the act of 1842 was in force exceeded the net ordinary expenditures of the government by something more than twelve millions, or four millions a year. If we assume that the increased cost of the army during the years 1847–50 represented the expenditure entailed by the war, and deduct the sum, sixty millions, from the net ordinary expenditures of those four years, we shall find that customs duties exceeded the remainder by about seven and a half millions, — a little less than two millions a year. The new tariff stimulated imports greatly. There is always a tendency to over-importation; so large a reduction of duties as that made by the act of 1846 exaggerated it. We must not forget that it was the purpose of those who advocated the measure to encourage importations, and that the expectation of a sufficient revenue from lower duties was based upon the principle of substituting foreign goods for domestic. The aim of its promoters was accordingly fully realized. The increase of importations was, indeed, extraordinary, as will be shown presently. The purchases of foreign commodities continued on a constantly increasing scale until all American commerce was deranged by the events of the Civil War.

In further apparent vindication of the policy of Mr. Polk's administration, the country as a whole was in a highly prosperous condition during the continuance of the

[1] Save for the intervention of reciprocity with Canada in 1854, and a single act, passed in 1855, exempting from duty books imported for the use of Congress.

act of 1846. Leaving out of the account for the moment the state of manufactures, it may be said that all other interests were as flourishing as they had been while the act of 1842 was in force. Opinions have always differed and will continue to differ upon the question how much, if any, of the general prosperity was due to the tariff. The export trade increased enormously. Secretary Walker had urged his low-duty tariff as a means of enlarging the exportation of American produce. But he had also said that nothing but famine would open the ports of Europe to our breadstuffs so long as high duties were imposed on foreign goods. How, then, when famine prevailed, as it did immediately after the act was passed, could he or others holding his opinions maintain that it was the tariff and not the famine that opened the ports? Nevertheless, in his report for 1846 the Secretary congratulated the farmers upon the increased demand for their produce which the tariff had effected. He opened the discussion of the subject by saying that already the good results of the measure were beginning to be experienced — the report was dated nine days after the tariff went into operation — and argued the question of protection and free trade all over again with the satisfied air of one who thinks that a great point has been decided finally in favor of his own contention.

Were it possible to assert, as it may truly be asserted of the condition of the country in 1842, that the business and industrial community passed at once from a state of gloom and depression to one of hope and buoyancy, and that no event occurred at or near that time, save the passage of the tariff act, that could have a marked effect upon commercial and manufacturing activity, — then, indeed, the claim that the prosperity enjoyed by the country for many years was induced by the tariff would be well sustained. But we are dealing now with a state of prosperity not newly inaugurated but only continued. Whether it was even increased prosperity may be questioned. More-

over, the extraordinary demand for American food upon which the good fortune of the farmers of the West was based originated from circumstances quite independent of the tariff, had begun before the Walker tariff went into operation, and would have existed if that measure had not been proposed. The foreign market and the high price obtained for American flour compensated for the time being for any injury that may have been occasioned to the home market by slackness of employment in manufacturing centres, and rendered that injury imperceptible. At the same time it furnished the means for the payment for excessive importations, and prevented the drain of specie that would otherwise have resulted. Just as the imperative demand for our foodstuffs ceased, the great flood of gold from California set in and supplied the specie needed to pay for the continually increasing quantity of foreign goods. The following table, showing the imports and exports of merchandise and the excess of imports, together with the excess of exports of specie, will furnish an ample explanation of the fact that the country was able to increase its imports nearly threefold in a period of eleven years, while its exports were not quite doubled, was able to pay for the foreign goods, and continued all the time in a state of high prosperity, with no financial revulsion.

	Merchandise.				
Year.	Imports.	Exports.	Excess of Imports.	Excess of Exports of Specie.	Gold production.[1]
1847	$122,424,349	$156,741,598	[2] $34,317,249	[3] $22,214,265	
1848	148,638,644	138,190,515	10,448,129	9,481,332	10
1849	141,206,199	140,351,172	855,027	[3] 1,246,592	40
1850	173,509,526	144,375,726	29,133,800	2,894,212	50
1851	210,771,429	188,915,259	21,856,170	24,019,249	55
1852	207,440,398	166,984,231	40,456,167	37,169,091	60
1853	263,777,265	203,489,282	60,287,983	23,285,493	65
1854	297,623,039	236,959,560	60,663,479	34,342,162	60
1855	257,808,708	218,909,503	38,899,205	52,588,531	55
1856	310,432,310	281,219,423	29,212,887	41,537,853	55
1857	348,428,342	293,823,760	54,604,582	56,675,123	55

[1] In millions of dollars. [2] Excess of exports.

[3] Excess of imports of specie.

During five months of the fiscal year 1846–47 the act of 1842 was in force and importations were light in anticipation of the impending change. The four years 1847–50 show a net exportation of merchandise to the amount of six millions, and a net importation of eleven millions of specie. Every one of the seven following years exhibits a great excess of imports of merchandise, amounting in the aggregate to 306 millions, and a great excess of exports of specie, amounting in the whole to 270 millions. More than one half of the gold produced in the country, amounting from 1848 to 1857 to 505 millions, was exported to pay the adverse balance. It is too obvious to require an argument that but for the great supply of gold from California the country would have been unable to continue its importations on anything like the scale of its actual trade. The richest country in the world, not a producer of the precious metals, could not survive such a drain of specie as the United States experienced in 1851 and the following years. It is equally obvious that the exportation of gold did not substitute itself for an exportation of commodities in the sense that, having no gold for remittance, we might have paid our foreign bills with more cotton, flour, and provisions. The lack of gold would not have increased the foreign demand for those articles nor the foreign power of consumption; and they could have been sent only at a sacrifice on the price of the whole quantity exported. Indeed, it may reasonably be contended that our lavish outpouring of gold into England so stimulated the business and increased the prosperity of Great Britain that it was able to buy and consume more of our food products than would otherwise have been the case.

Conversely, it is a tenable proposition that in the absence of that supply of gold our own importations and consequently our national revenue would have fallen so greatly that another revision of the tariff would have been

necessary; unless — which may be equally probable — the lean returns from the customs had led to more self-restraint on the part of Congress in the matter of expenditures. For, large as was the revenue, — the import duties running up from a maximum of $27,528,113 under the tariff of 1842, to $64,022,863 in 1856, — the surplus of the eleven years ended in 1857 did not suffice to extinguish the public debt incurred during the war with Mexico. The debt was $63,061,859 on January 1, 1849, and at the beginning of 1857 had been reduced only to $28,699,832. Meanwhile the net ordinary expenditures ran up from $39,933,543 in 1849, the first year of normal expenditure after the war, to $66,772,528 in 1856, an increase of two thirds in a period of profound peace. The first four years of this period were those of the Whig administrations of Taylor and Fillmore, but the extravagance in expenditure is not theirs; for the amount expended in 1853, the highest during the four years' term, was but $44,078,156, an increase over 1849 of little more than four millions.

As has already been remarked, the whole period of eleven years was in a commercial sense one of extraordinarily good times. Agriculture was favored with good crops, whereas those of Europe were indifferent or bad, with the natural results of an eager market and high prices. Immigration of a desirable sort took place on a scale never before equalled and not equalled again until after the close of the Civil War. During the eleven years more than three millions were added to the population from abroad. The fertile lands of the West were taken up by enterprising settlers, and farms, villages, and cities sprinkled themselves abundantly over the prairies. Railroads could not be built fast enough to meet the growing need for them. The mileage increased more than fourfold during the period, and the length of line constructed in 1856 was not exceeded in any year thereafter until 1869. The

merchant marine also grew at an astonishing rate. The tonnage of vessels engaged in the foreign trade was more than doubled and that of vessels in the coastwise trade exhibited nearly the same rate of increase. American mercantile houses were established in South America and in the Orient, and began to push American goods into new and profitable foreign markets. There were troubles enough at home, but they were of a political character. The cloud of impending civil war which already hung over the land did not deter men from buying and selling and getting gain. With easy optimism they hoped and expected that like the earlier threatening storms this too would pass without bursting.

We have still to consider the effect of the tariff of 1846 on manufacturing industry. In a certain sense that effect, whatever it may have been, should be treated as unimportant, for Secretary Walker and those who adopted his views held that the interests of manufacturers, which cannot be separated from those of manufactures, were of such infinitesimal consequence when compared with the great benefit the low tariff was to confer upon the people that they were not to be considered. Since, upon a superficial view, at least, events justified their promise of general prosperity, even the total destruction of manufactures might not be a valid argument against them. On the other hand, evidence that the tariff did not cause the prosperity leaves the free trade contention unproved, and renders a consideration of its effect upon manufactures interesting to those who regard the industrial independence of the country as a policy worthy of support.

The fact that manufactures were not wholly destroyed by the act of 1846, that, indeed, many branches continued to enjoy a measure of prosperity, even of expansion, is frequently used as evidence that manufacturers did not and do not need protection. Sometimes it has been asserted that they made larger profits under the low tariff of

1846 than under the high tariff of 1842.[1] If this were true, it would be aside from the real question. Protection is undoubtedly advocated by manufacturers sometimes partly sometimes wholly from motives of self-interest. To the great body of the supporters of the policy the argument for a protective tariff does not depend in any degree upon the profits such a tariff may bring to employers. Its objects are to insure employment and fair wages to labor, to provide a large and steady market to the farmer by giving prosperity to the great industrial communities which are dependent for food upon soil that is tilled by others, and to reserve to domestic enterprise and labor the profits which would otherwise go across the sea.

As a matter of fact, however, the period under review was not one of general prosperity to manufactures, and certain branches of industry which survived without great injury were indebted to accidental circumstances as little the result of the tariff as was the discovery of gold in California. For example, iron did not feel the effect of the change in the tariff at all until 1848, because the price abroad was high and the ad valorem duty was a sufficient protection against large foreign importations. Nevertheless, when the price of the foreign article declined, the change operated as a reduction of the tariff,

[1] This is the view of Mr. Schouler, who, in his "History of the United States" (vol. v.), represents the period as one of great prosperity to manufacturers. The view is supported by no citations of authority and is evidently a mere assumption. Mr. Schouler says (p. 123): "And had our manufacturers been swamped by the interchange that followed? On the contrary they grew and prospered, for that best of all bounties was afforded them, raw materials unburdened by taxation, and the widest possible market with the universe." So far is this from being true that hardly any raw material of manufacture was free under the act of 1846. There were duties, some of them heavy, upon wool, hides, leather, india-rubber, wood, iron, rags, — in short, upon almost everything except cotton and copper. The free list of the act of 1846 was shorter than that of any other tariff act from 1828 to the present time, except during the Civil War period.

competition was severe, and the domestic industry was unable to meet it. It is estimated that not more than two thirds as much iron was made in the country in 1850 as in 1848.

It is admitted that the new tariff caused little injury to cotton manufactures. To be sure, some causes operated to discourage new enterprises, to reduce the excessive profits realized in 1846, and to discredit manufacturing stocks as an investment. But it is by no means certain that the tariff was one of those causes. In 1842 the dividends upon the shares of twenty-five cotton manufacturing companies averaged less than three per cent. Eight of them paid no dividend, three paid two per cent., six paid three per cent., the other eight paid higher rates, one of them nine per cent. In 1846 thirty companies are reported, every one of which paid a dividend to the shareholders. Only three paid six per cent. or less; all the others paid from eight to twenty-five per cent. In the list are five that paid fifteen, four that paid sixteen, and four that paid twenty per cent. There was an immediate decline from such high rates as these. In 1850 only three of the mills paid as high as ten per cent., which was then hardly a high rate of interest on borrowed money. In 1857 thirty-nine companies were reported, seven of which paid no dividends, eleven paid six per cent., twelve paid eight per cent., and two paid ten per cent. In studying the market price of the stocks, it would not be fair to make any use of the figures for 1857, since the demoralization which followed the financial revulsion of that year had no direct connection with the tariff. We therefore compare prices in 1842, 1846, and 1856. Of nineteen cotton manufacturing companies the stock of which was sold in the Boston market in 1842, six only sold above par at any time during the year, and the highest price paid was $1130 for shares of the par value of $1000. In 1846 the shares of twenty-seven

companies were quoted; all with one exception sold above par; fifteen only sold below par at any time during the year; and with respect to twelve companies the highest price was a premium of more than twenty-five per cent. For 1856 there are quotations of thirty-one companies, of which five only touched par during the year; all but two were below par at their lowest price; and one only was quoted at any time during the year at more than 106.[1] Mr. Nathan Appleton, in a statement which is printed in Report No. 342, Thirty-fourth Congress, first session, says: [2] "The depreciation of property in our cotton mills since 1846 is fully twenty-five per cent." He also remarks that many new establishments that were begun under the encouragement of the act of 1842, having been completed, the construction of new mills "has come to a complete standstill."

Yet the actual condition of the cotton manufacturing industry at this time was not so bad as the foregoing facts imply. The situation was one of apprehension rather than of calamity. Manufacturers were always in danger of a sudden large influx of goods to ease the foreign market, but they did not actually have to contend against it. At first the danger seemed imminent. Large quantities of plain cloth were imported in 1847, but the quality was so distinctly inferior to that of the domestic goods that the venture resulted in a loss, and the importation was not repeated. In fact, — except for fine goods, laces, embroidery, and the like, — the American manufacturer had the market in full control. The importation of cotton goods in 1846 was valued at $13,000,000; in 1855 it was only $15,500,000, and in that year the exportation of cotton goods reached a value of $16,000,000. The duty was reduced only from thirty to twenty-five per

[1] All the above facts are drawn from Martin's "One Hundred Years' History of the Boston Stock Market."

[2] Page 778.

cent., and was still an ample protection on all goods that were manufactured on a large scale. It is a question if the low prices of goods, the small dividends of the companies, and the depreciation of manufacturing stocks, need be assigned to any other cause than the home competition — the oversupply of goods brought about by the expansion of the business and the starting of new spindles under the stimulus of the act of 1842.

It is not too much to say that the new tariff practically ruined the woollen industry, which had revived and become fairly flourishing under the protection it received under the act of 1842. The ambitious manufacturers of that time began the production of fine broadcloths, which in quality equalled any that were made in the world. But the act of 1846 put an end to the industry. When that tariff went into operation there were eighteen hundred looms, chiefly in New England, weaving broadcloth. Within a few years every one of them had stopped or had been diverted to the production of an inferior grade of goods.[1] The blanket manufacture also was destroyed. The rate of duty on the coarse wool used in making blankets, which was imported and not produced in the country, was thirty per cent., but the duty on blankets was only twenty per cent. The law therefore operated as a prohibition upon the manufacture. "The only branches of wool manufacture which continued with any great activity were those which, like flannels, were supplied by the common wool of the country — so superior in its spinning qualities as in itself to afford an advantage over the foreign manufacture. There was no longer a demand for any but the common wools, and the Saxony wool industry, which had recently made great progress among the New England farmers, disappeared with the manufacture of fine cloths which had brought it into existence."[2] All writers agree

[1] See "History of the New England Woollen Manufacture," by S. N. D. North, in "The New England States," vol. i. p. 244.

[2] *Ibid.*

that the period was one of extreme depression, of disappointment and disaster.[1] The importation of foreign fabrics of wool increased greatly as the domestic industry declined. The value of woollen manufactures imported in 1846 was ten million dollars; in 1855 it was twenty-two millions.

Although the tariff of 1846 remained in force longer than any similar measure in the history of the country, it must not be supposed that even outside the circle of interested manufacturers it gave universal satisfaction. The election of 1848 brought the Whigs again into power. They went before the country without any declaration of principles whatever; and a suspicion was strongly prevalent that General Taylor was not a "tariff man." Nevertheless, he appointed William M. Meredith, of Pennsylvania, a strong protectionist, as Secretary of the Treasury; and in his first and only annual message to Congress he recommended a revision of the tariff and urged the adoption of a system of specific duties "at rates high enough to afford substantial and sufficient encouragement to our industry, and at the same time so adjusted as to insure stability." "I do not doubt," he said, in introducing the subject, "the right or duty of Congress to encourage home

[1] "Under this arrangement of duties, — whether or not in consequence of it, — no development took place in those branches of the manufacture which needed wool that was subject to the 30 per cent. duty. The finest grades of woollens were not made at all. But the manufacture of cloths of ordinary quality (so-called cassimeres and similar goods), and that of blankets and flannels, continued to show a regular growth. The census figures are not of much value as accurate statistics, but there seems to be no reason for doubting that they prove a steady advance in the woollen manufacture as a whole. The growth was confined mostly to those branches which used domestic wool; but within these there was not only increase but development. The methods of manufacture were improved, better machinery was introduced, and new kinds of goods were made." (Taussig, "Tariff History," p. 145.) Professor Taussig has manifestly made an inadvertent error in mentioning blankets among the goods still successfully manufactured.

industry." [1] Congress paid no heed to the recommendation.[2]

Mr. Fillmore — the sponsor in the House of Representatives of the act of 1842, if not its author — repeated the recommendation in his first annual message. He expressed a preference for specific duties, urged that the rates should be moderate, since "what the manufacturer wants is uniformity and permanency," and called particular attention to the evil results of the "unfortunate provision in the present tariff which imposes a higher duty upon the raw material that enters into our manufactures than upon the manufactured article." He strongly recommended "a modification of the existing tariff, which has prostrated some of our most important and necessary manufactures." [3] In his second message he merely reiterated the recommendation in a single sentence; but he threw a sharp arrow at the advocates of the tariff of 1846, in a brief discussion of the trade returns. "The value of our exports of breadstuffs and provisions, which it was supposed the incentive of a low tariff and large importations from abroad would have greatly augmented, has fallen from $68,701,921 in 1847 to $26,051,373 in 1850, and to $21,948,653 in 1851 with a strong probability, amounting almost to a certainty, of a still further reduction in the current year." He also points out that although the aggregate value of exports shows a large increase, — forty million dollars, — all but four millions of the increase, was in the single item of raw cotton. The President devoted more space to the tariff question in his third and last annual message in December, 1852, than in either of the others. He called attention to the great exportation

[1] "Messages and Papers of the Presidents," vol. v. p. 18.

[2] Nor to the subsequent recommendations of Mr. Fillmore. Both branches of Congress were controlled by the Democrats during the four years 1849–53.

[3] "Messages and Papers of the Presidents," vol. v. p. 84.

of the gold produced in California in payment of goods purchased; but more particularly to the fact that "as our manufacturing establishments are broken down by competition with foreigners, the capital invested in them is lost, thousands of honest and industrious citizens are thrown out of employment, and the farmer to that extent is deprived of a home market for the sale of his surplus produce." Furthermore, he urged that the destruction of home competition enabled the foreign manufacturer to advance the price of his goods.

These references to the utterances of the Whig Presidents are made, not because they led to action by Congress, — for they were quite unheeded, — but to bring out two facts: first, that high contemporary authority exists for the assertion that manufactures languished under the tariff of 1846, and that the prosperity of the country rested largely upon the great flow of gold from the Pacific coast; and second, that the political defeat of the protective system was by no means accepted as a finality. The country was not in a better condition under a low tariff than under a high one; and the situation did not convince protectionists that their policy had been unnecessary. On the contrary, it proved to them the wisdom of a return to the old system.

In March, 1853, Franklin Pierce became President, the Democratic party came into full possession of the government, and all hope of a revision of the tariff in the direction of higher duties — which had been none too promising during the Whig administration — came abruptly to an end. The revenue was redundant as it had been in Mr. Fillmore's time. The Whigs would have adjusted it to the needs of the government by increasing the rates of duty on manufactured goods and by adding raw materials to the free list. The new Secretary of the Treasury, Mr. Guthrie, proposed to enlarge the free list by adding to it articles which had yielded $8,000,000 revenue during the

previous year, and to divide all other merchandise into two classes, one of which was to pay one hundred per cent., the other twenty-five per cent. duty. The President recommended this plan in language which showed that he was willing to sanction a measure that had in view the relief of manufacturers as well as a readjustment of the revenue. He referred to it as a plan "to reduce the duties on certain articles and to add to the free list many articles now taxed, and especially such as enter into manufactures and are not largely, or at all, produced in the country."

The wisdom of reducing the tariff was again suggested in the second annual message, coupled with the remark that "as the general principle of reduction of duties with a view to revenue, and not protection, may now be regarded as the settled policy of the country," there should be little difficulty in determining the details of a measure to that effect. Again, in his third message, President Pierce recurred to the subject. The existence of a surplus, withheld from return to the channels of business by the Independent Treasury system, — which the President praised as an admirable system, — suggested the need of a revision of the tariff. "It is now so generally conceded," he added, "that the purpose of revenue alone can justify the imposition of duties on imports, that in readjusting the impost tables and schedules, which unquestionably require essential modifications, a departure from the principles of the present tariff is not anticipated." This was addressed to the Thirty-fourth Congress, elected in 1854, which held its first session beginning in December, 1855. The Whig party was practically disrupted. The Know Nothing, or Native American, party had sprung suddenly into existence, and had carried the elections in several States as if by a whirlwind. It had, indeed, supplanted the Whig party altogether in the South. In the North both the old parties were partially disorganized by the growth of the "anti-Nebraska," or, as it was already

called, the Republican party, which drew most largely from the ranks of the old Whigs, but which also numbered a great many members who had always been Democrats. In many of the States the Know-Nothings and the anti-Nebraska forces made common cause, not by what is known at present as fusion, but because they held similar opinions both as to the slavery question and as to the dominance of a foreign element in the Democratic party. The whole political situation was one of confusion. The Senate was Democratic by nearly two to one. The House of Representatives contained, according to the classification in Greeley's Tribune Almanac for 1857, 108 Republicans, 83 Buchanan Democrats, and 43 Fillmore Americans. The extraordinary revulsion of sentiment in the North caused by the repeal of the Missouri Compromise is indicated by the fact that whereas in the Thirty-third Congress there were 93 Democrats from Northern States there were only 23 in the Thirty-fourth. Although the Republicans did not have a majority in the House, they elected Mr. Banks Speaker, by a plurality.

The slavery question was in full possession of the popular interest, and Congress could hardly turn from it to transact the routine business. It obtruded itself into every debate. Nevertheless, this perturbed period was productive of another tariff measure, peculiar in itself and in the circumstances under which it was passed. Mr. Lewis D. Campbell, of Ohio, the chairman of the Committee of Ways and Means, reported a tariff measure at the first session of the Thirty-fourth Congress, but it was not taken up for action until the second session, that of 1856–57. The woollen manufacturers had no hope of obtaining an increase of duties on the goods which competed with their own. The President and the Senate were against them. There was, moreover, no certainty that the House was favorable to protection, for a large number of the Republican members were Democrats on

every question save that of slavery. Accordingly, the woollen manufacturers sought for such protection as would be afforded by the proposition to which both the President and the Secretary of the Treasury were committed, namely, a removal of the duty from the raw materials of their goods. With this object in view they supported the bill, and every form of it, which would give them this measure of protection. Other manufacturers were not at first greatly interested in the proposed change in the tariff, either for or against it. Later, when its provisions had undergone great changes, they would undoubtedly have opposed it if there had been opportunity to do so; but it was then too late. The substitute, which was the basis of the act as finally passed, was adopted after midnight, on February 27, when less than a week of life remained to the Congress and the administration.

As originally reported, in August, 1856, the bill was simply a measure to enlarge the free list. When the Committee of the Whole began the consideration of it there was much manœuvring for parliamentary position. Mr. Letcher, of Virginia, who made a minority report from the Committee of Ways and Means, offered a substitute for the whole bill, but seeing that its presentation at that time would put him at a disadvantage, withdrew it. His scheme was, in brief, a reduction of 20 per cent. in the rates of duty upon each schedule. For example, Schedule A, assessed at 100 per cent. under the Walker tariff, came down to 80 per cent.; Schedule C from 30 per cent. to 24 per cent.; Schedule H from 5 per cent. to 4 per cent. Mr. Boyce, of South Carolina, had a still more radical proposition: to reduce all duties to a uniform 20 per cent. and to make tea and coffee dutiable at the same rate. Mr. Boyce having offered this substitute, Mr. Campbell offered the committee bill slightly amended, as an amendment of that. By this piece of parliamentary strategy Mr. Campbell secured his own bill against amend-

ment; since, after the voting on amendments to "perfect" the original bill, the question would come first on his substitute for Mr. Boyce's amendment, and if it should be adopted no further amendment would be in order.

The debate began on January 13, 1857. Mr. Campbell made a speech in explanation of the measure, but it was never printed. The Globe reports it as withheld for revision to be printed in the Appendix, but the Appendix does not contain it. After Mr. Campbell's opening the debate drifted directly into a discussion of the subject that was in every man's mind: slavery. The House went into Committee of the Whole, day after day, to consider the tariff bill and listened to long speeches in which the tariff was not even mentioned. Efforts were made repeatedly to stop the practice. The point of order was raised that it was not permissible to discuss the President's Message while the House was in committee on the tariff bill. The chairman ruled that members were at liberty to "proceed generally," and on appeal the committee sustained him.

Some speakers did, nevertheless, address themselves to the subject actually before the committee. The tone of the discussion was vastly different from that of thirty years before when the bill of 1828 was under consideration. Protectionists put forward their opinions in the most timid manner; the free traders were bold and radical in the expression of their views. For example: —

Mr. Campbell, of Ohio. Do I understand the gentleman from South Carolina to advocate a system of free trade and direct taxation?

Mr. Boyce. It is just the very thing I am after.[1]

Again, Mr. Millson, of Virginia, thought the admission of raw materials free of duty a most objectionable feature of the Ways and Means Committee's bill because its object was to give the home market to the domestic

[1] Appendix to "Congressional Globe," Thirty-fourth Congress, third session, p. 217.

manufacturer. "We should then not only lose the revenue on the articles transferred to the free list, but what is of much more importance — we should lose that revenue which we now derive from those imported manufactures that would be supplanted by our own."[1] Further quotations are unnecessary. It may be thought by persons who have not studied the debate that such expressions as the foregoing are exceptional, and that they do not represent the spirit of the great body of the anti-tariff men of the time. It would be easy, if it were desirable, to cite a score of similar passages. It is not asserted, and it is not true, that this was the general spirit of Congress. The statement was frequently made that the pending bill was a manufacturers' bill; a considerable section of the protectionist party — if such a party can be said then to have existed — supported the bill; and yet it was passed. It was only the extremists who looked upon the substitution of American goods for foreign merchandise as a positive evil. Nevertheless, there were many extremists in those times. Perhaps the average opinion of Congress cannot better be summed up than in the words of Mr. Faulkner, of Virginia, who, in supporting his own amendment, to make a horizontal reduction of one third, applicable to all duties, said "the tariff of 1846 has been longer in successful operation, and has given more general satisfaction to all the varied interests of the country than any law on the same subject which has ever passed Congress. I am not disposed to disturb its general arrangements without the most mature examination of the interests involved."[2] Whether it was the successful operation of the tariff, or the successful operation of the California gold mines, that gave general satisfaction, is a question that may be discussed with more or less profit at the present day.

[1] Appendix to "Congressional Globe, Thirty-fourth Congress, third session, p. 223.

[2] "Congressional Globe," Thirty-fourth Congress, third session, p. 750.

The situation in 1857 gave an opportunity to the political advocates of the tariff of 1846 to claim all the good things the people enjoyed for the working of that measure; and their opponents were too few in numbers and too weak in spirit to engage in controversy with them.

The legislative history of the act of 1857, in the House of Representatives, is tame and uninteresting. Some amendments were offered; one proposed by Mr. Justin S. Morrill, of Vermont, was adopted. It was an amendment favorable to the wool growers. Mr. Campbell's bill admitted free all wool valued at less than twenty cents a pound, and all valued at more than fifty cents. The idea was to give manufacturers cheap wool for blankets and other low-priced goods, and also the fine wool they would use in the highest-priced fabrics. The duty was to be left unchanged on the medium wools of the quality chiefly produced in the country. Mr. Morrill proposed to shift the maximum valuation for the coarse wools from twenty cents to ten; and this was adopted by a vote of 85 to 39. It was the only vote in either House of Congress at that session which may be described as a distinct victory of the protective principle.

Debate and amendments having been exhausted, and the Committee of the Whole having become involved in something of a tangle, Mr. Orr, of South Carolina, resorted to an unusual parliamentary movement in order to bring the bill into the House. He moved to strike out the enacting clause. The motion, if adopted by the House, would kill the bill; but Mr. Orr intended only to compel the committee to rise and report the bill to the House. The committee adopted the motion; the House refused to concur with the committee; Mr. Letcher's substitute was rejected; Mr. Campbell's was adopted; and the bill was passed, on February 20, by a vote of 110 to 84. The vote was neither on party nor on sectional lines, nor did it distinguish high tariff from low tariff and free trade

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members. Not a vote was given against the bill by any member from New England; Pennsylvania and New Jersey were also unanimous in supporting it. The West was much divided. The South was generally opposed to the bill, which nevertheless received many votes from that part of the country, including two or three strong Democrats representing "border" States. No doubt a considerable addition of strength was given to the measure by the financial situation. The condition of the money market already caused some apprehension; and the situation was rendered worse by the sub-treasury system, which locked up in government vaults money that should have been available for business.

The bill was communicated to the Senate immediately upon its passage, and was referred to the Committee on Finance. Four days later, on Tuesday, February 24, it was reported by the chairman, Mr. Hunter, of Virginia, who made two brief but significant remarks: that while, as the organ of the committee, he reported the House bill with amendments, he should, upon his own responsibility, offer a substitute for it; and that "We have so little time for its consideration that the question cannot be considered at all unless we dispose of it by at the furthest Thursday night." This programme left but two days for disposing of this important matter; and, in fact, the bill was formally taken up, but not debated, on Wednesday, and was discussed, amended, and passed at a single session, which was prolonged for the purpose until after midnight. The most important amendment proposed by the Committee on Finance was an additional section reducing the rates of duty upon articles in Schedules A and B (one hundred and forty per cent., respectively) to thirty per cent., and reducing all the rates in the other schedules by one fifth.

The debate began with the presentation of the substitute of which notice had been given, by Mr. Hunter.

Inasmuch as it was the basis of the act as it was finally passed, Mr. Hunter's own summary of its provisions and his statement of its purpose and intended effect are given in full.

I propose to reduce the one hundred per cent. schedule to thirty per cent.; to reduce the forty per cent., the thirty per cent., the twenty-five per cent., and the twenty per cent. schedules one fourth, or nearly one fourth; that is to say, the forty per cent. to thirty, the thirty to twenty-three, the twenty-five to nineteen, and the twenty to fifteen. The lower schedules which are comparatively unimportant I propose to reduce one fifth.[1]

This is the whole scheme of the substitute I shall offer, except that I make transfers of certain articles in order to accommodate the bill more to the principles which I have been endeavoring to enunciate. I transfer some of the dyestuffs which are of no use except to the manufacturer to the free list, and others to the lowest schedule; so that the operation hereafter of this scheme, if it should be adopted, will be to approach as rapidly as we can to revenue duties upon all articles consumed by the masses, and at the same time, when this is accomplished, to give the manufacturer those articles free of duty which are used only by himself in the productions of his art. But I would approach this end, if I could, by steps so sure and gradual as to give no rude shock to any of the great interests of this country. I believe that all this may be accomplished with entire safety upon the principles which I propose.

But it was not my purpose, nor do I think it would be right, to give to the manufacturer all that he desires to have free, while you tax the consumer upon a long list of articles with duties above the revenue standard.[2]

Mr. Hunter proceeded to examine the anticipated operation of the bill in its protective aspects, maintaining,

[1] It will be seen that this was substantially the proposition of Mr. Letcher in the House of Representatives.

[2] Appendix, "Congressional Globe," Thirty-fourth Congress, third session, p. 329.

with respect to the iron, hemp, cotton, wool, sugar, and other interests, that the adjustment of duties left none of them any reasonable ground of complaint. The particular statement of his position upon these points is of less consequence than the fact that he expressly and intentionally arranged duties with a view to restoring the "incidental" protection which Mr. Walker, in drafting the tariff of 1846, endeavored to avoid. An exception must be made in the case of the wool duty; for, as has often happened in tariff controversies in this country, the duty on wool and woollens was the occasion of much discussion and much bitterness of feeling. The House bill, it will be remembered, in its original form admitted free of duty wool worth less than twenty cents a pound. An amendment proposed by Mr. Morrill, of Vermont, and adopted, changed this clause so as to provide for the free importation of wool worth less than ten cents a pound at the port of importation. Mr. Campbell's substitute compromised on free wool worth less than fifteen cents a pound, retaining the home valuation. The proposition of Mr. Hunter was to make no wool free of duty, but to transfer it to Schedule G, dutiable at eight per cent. There was in neither House of Congress a proposition to mention the manufactures of wool specifically; but under the operation of the reduction provided for by Mr. Hunter's bill the duties would be reduced, with those on other articles in the schedules where they were placed, some to twenty-three and some to nineteen per cent.

Such opposition as was offered to the amendment proposed by the Committee on Finance, and to Mr. Hunter's substitute, — the two differed little in effect, — was opposition in the interest of the wool growers. The first speech, to be sure, was by Mr. Brodhead, of Pennsylvania, who urged the passage of the House bill, which did not reduce the duty on iron; but the speech was a weak one, and it had no echo. Mr. Collamer, of Vermont, came

forward with an elaborate, learned speech full of interesting and suggestive matter on the subject of sheep, wool, wool growing, and wool manufacturing. Much that he presented was novel; and it would have had a powerful influence upon the minds of members in former times, when it was accepted as an incontestable principle that the government should foster the industries of the country. Now it fell on deaf ears. Mr. Collamer alluded, half jocularly, half indignantly, to the fact that the wool manufacturers had abandoned the alliance with the wool growers, and were now in strange company.

This point was made much more sharply later in the day by Mr. Pugh, of Ohio, a Democrat and a free trader, but one who was opposed to what he regarded as unjust treatment of the wool growers. He said that the great financial question under discussion ought to be considered with "a due regard to the welfare of all. And yet a few manufacturers of woollen goods in New England and New York have seized upon it and perverted the whole enterprise into a scheme for sacrificing the wool grower of the West to their own aggrandizement."[1] Another senator referred to the sinister fact that the bill was to be carried by a combination between Northern manufacturers and the South.

An interesting passage in Mr. Collamer's speech exposed a certain inconsistency in Mr. Hunter's plan. The Virginia senator had announced the principle that the reduction of duty on raw materials and on manufactured goods should take place *pari passu*. "How prettily has he verified that in his proposition! He has reduced the duty on wool from thirty per cent. to eight per cent., on woollen goods from thirty per cent. to twenty-three per cent." Mr. Collamer also called attention to the fact that Mr. Hunter, by transferring cotton goods from one

[1] Appendix, "Congressional Globe," Thirty-fourth Congress, third session, p. 341.

schedule to a higher, gave those articles a reduction of only two per cent. — from twenty-five to twenty-three. "That is the way to save cottons. Why is that? Are not the cotton manufacturers doing well enough? I do not know whether they are or not. I do not know as much about them as about the woollen manufacturers. I suppose the difference is that the cotton manufacturers use a Southern material, and by this arrangement may secure Southern votes. You are to reduce the duty on wool to eight per cent., and then by getting the manufacturers and their friends and the South to join together, it might be supposed the measure could be carried and wool be pulled over our eyes." [1]

Mr. Wilson, of Massachusetts, made a defence of the manufacturers and of the action of their friends in supporting the bill. The following passage, which illustrates his position and his argument, is surely either an example of the extent to which self-interest may distort the judgment of a man, or a specimen of disingenuous advocacy of a cause: "The manufacturers, Mr. President, make no war upon the wool growers. They assume that the reduction of the duty on wool, or the repeal of the duty altogether, will infuse vigor into that drooping interest, stimulate home production, diminish the importation of foreign woollen manufactures, and afford a steady and increasing demand for American wool." [2]

The general debate, from which the above passages are extracted, took place upon the amendment of the Committee on Finance, reducing the rate of duty on articles in two schedules to thirty per cent., and reducing all other duties by one fifth. The amendment was finally adopted by a vote of 35 to 13. Seven of the minority were New England senators, two from Pennsylvania, and one each

[1] Appendix, "Congressional Globe," Thirty-fourth Congress, third session, p. 338.

[2] *Ibid.* p. 343.

from New York, New Jersey, Ohio, and Missouri. On motion of Mr. Fish, of New York, several changes were made in the original bill in the provisions relating to wool, the effect of which was to substitute twenty cents for fifteen cents as the maximum value of cheap wool to be imported free of duty, to make free all wool valued at over sixty cents a pound, and to adopt the foreign instead of the home valuation in both cases. After some further unimportant action upon amendments to the original bill, Mr. Clay, of Alabama, offered as a substitute for that measure a brief bill reducing all duties twenty-five per cent. The vote was taken without debate and the amendment was adopted, 26 to 24. It is not easy to understand this action of the Senate. The affirmative vote was given by twenty Southern senators and six Northern Democrats. Mr. Hunter voted for Mr. Clay's proposition, notwithstanding his having a plan of his own. The strangeness of the result arises chiefly from the fact that those who supported the substitute desired a reduction of the tariff and it was well known that the House would not agree to the measure in this form. The yeas and nays had been ordered on the passage of the bill and one senator had already answered to his name when the futility of the attempt to force such a measure through Congress became apparent. A motion to reconsider was made and ultimately carried by one majority, Mr. Hunter still voting with the supporters of the twenty-five per cent. reduction. The substitute, being resubmitted to the Senate, was rejected by a tie vote. Mr. Hunter now offered his substitute, to which Mr. Collamer immediately offered an amendment striking out the proposed transfer of wool to Schedule G. This amendment, the effect of which was to leave all wool dutiable at twenty-three per cent., was adopted by a vote of 26 to 23, — another division which placed members in strange company. Mr. Douglas, of Illinois, offered an amendment making wool under twenty

cents per pound in value free of duty, which was carried by a vote of 33 to 9. At last, long after midnight, the question was taken on substituting Mr. Hunter's bill for the original bill, and this was agreed to, yeas 33, nays 12. The negative votes were given by the two Vermont and the two Pennsylvania senators, Mr. Bell, of Tennessee, Mr. Seward, Mr. Trumbull, Mr. Wade, and a few others who never won national distinction, and whose reasons for voting against it are not known. The substitute was supported by Sumner and Wilson, of Massachusetts, and by three other New England senators, by substantially all the Southern senators, and by most of the Northern Democrats. The substitute having been adopted, the bill was passed without a division.

The further proceedings in relation to the bill have little interest. A committee of conference was appointed which adopted the Senate bill in the main, so far as the reduction of rates was concerned, and the transfers of raw materials to lower schedules or to the free list, as proposed in the House bill. Opposition of a slightly frantic and yet feeble character was offered in both houses, but the compromise was adopted by an overwhelming vote in both branches of Congress. The bill was signed by the President on March 3, 1857.

XIII

THE MORRILL TARIFF, AND WAR TAXATION

It is a remarkable fact in the history of protection in the United States that the lowest tariff enacted by Congress during the nineteenth century was established not only with the acquiescence but at the urgent solicitation of manufacturers, particularly of those engaged in the woollen industry. From this fact the inference should not be drawn that the woollen manufacturers chose a reduction of the duties upon raw materials as a satisfactory method of protection. The situation previously existing was intolerable. It shut up their mills and drove them out of business or into bankruptcy. In the prevailing state of public opinion, — made up of active hostility to protection in the southern half of the country, and of indifference in the northern half, where the slavery question absorbed popular interest and left room for the consideration of no other business questions, — they were hopeless of obtaining even a hearing upon the merits of the tariff controversy. They therefore asked for and ultimately secured such a measure of protection as was afforded by cheaper raw material.

Light is thrown upon the subject of their urgency in support of the reduced tariff by certain proceedings in Congress in 1858. Investigating committees were a prominent feature of the years just preceding the Civil War. At the first session of the Thirty-fifth Congress a committee was appointed to inquire as to the disposition made of a sum of $87,000, reported by a committee to examine the causes of the failure of the Middlesex Mills, of Lowell,

Massachusetts, to have been expended by that company in promoting the passage of the Tariff Act of 1857. The congressional committee encountered several contumacious witnesses, and failed to trace any large part of the funds beyond the person to whom they were intrusted by the Boston commission house which acted for the Middlesex Company. It was found that a small sum was paid to a certain member of Congress; but there is ground for an inference that the payment was regarded as legitimate, in the fact that no attempt was made by the Democratic House of Representatives, eager to fasten scandal upon the opposition, to censure the receiver of the money, who was a Republican. Another sum was found to have been given to the leading editor of a free trade paper; and the committee dealt out some sarcasms for the benefit of the offender. On the whole, the committee came to the unanimous conclusion that the money was not employed in corrupting Congress, but that the most of it stuck to the fingers of the principal agent charged with the distribution of it, and formed the major part of the capital of the business firm in New York City which that person had subsequently entered.[1]

The incident is not in itself important, but it furnishes indubitable proof that one leading corporation engaged in the woollen industry was so earnestly in favor of the proposed tariff that it was willing to pay an enormous sum to secure its passage. It cannot be supposed that the position of that company was exceptional, and it is well known that it was not. The whole affair illustrates the fact that protection, even of the same industry, is not a matter of fixed and unvarying rates of duty; and it suggests that there is a reasonable answer to the question, sometimes propounded by free traders as a poser, why rates which not merely were deemed but were sufficient to afford ample protection when the "Morrill" tariff — which we

[1] See Report no. 414. Thirty-fifth Congress, second session.

are next to consider — was passed, may have been inadequate in subsequent times.

The foregoing truism may be matched with another. A revenue tariff is not a tariff at twenty per cent., as Secretary Walker fancied it to be, but is one of varying rates, adjusted both to the articles to be taxed and to the times. If the rates fixed by the tariff of 1857 had been adopted in 1846 the measure would probably have been more successful than the Walker tariff actually was. The revenue would have been larger and the situation of manufacturers would have been more favorable. But when the tariff of 1857 was adopted the era of prosperity which was induced chiefly by the California gold discovery had almost reached its term. Congress cannot be blamed for not being aware of the impending calamity, for many of the wisest financiers of the time did not apprehend it before the crash came. Nevertheless, the reduction of duties was a serious mistake. The new tariff caused a great loss of revenue, and in the brief period of hard times before the next revision manufacturers suffered with all the rest of the community. It may be stated as a general rule that a protective tariff is of little benefit to the country, to manufacturers, or to wage-earners, in those periods when trade is expanding and when prices are steady at a high level or are advancing. Then there is so full a demand for all productions that foreign competition is not felt to be injurious. It is when prices are declining and when demand is slack that the home manufacturer needs security against the competition of foreign goods; and the men upon his pay-roll doubly need the employment which an influx of such goods would take from them. In these suggestions may be found an explanation of the comparative prosperity of manufacturers engaged in some important industries, under the Walker tariff, and, under the slightly increased protection given by the act of 1857, their not greatly diminished prosperity in the years ensuing.

The financial crisis of 1857 changed all the conditions which made the later tariff policy successful. It has just been said that many wise men did not apprehend the revulsion. They were warned, but refused to heed the warning. It is easy to be wise after the event; it is now impossible not to see that the event was inevitable. Attention has already been directed to the enormous increase of importations and to the lavish exportation of the specie and bullion derived from the California mines. The result, as was shown soon after the crisis,[1] was a large increase of the foreign mercantile debt. A careful study of the movements of merchandise and bullion, making due allowance for freight and profits, led the writer to the conclusion that the foreign commercial debt of the United States, which was $166,000,000 in 1847, was $251,000,000 in 1851; $364,000,000 in 1855, and $393,500,000 in 1857. While the country was thus buying abroad much more than it paid for, it was overinvesting at home. For example, the total railroad mileage of the United States at the end of 1846 was but 4930; at the end of 1856 it was 22,016. At that period the funds necessary to construct railways were drawn largely from the small accumulations of local tradesmen and farmers, or were obtained by loans of the credit of counties and towns. The mere spending of more than five hundred million dollars in these enterprises, stupendous for the times when they were accomplished, made business active throughout the country. Moreover, the extensions of the railway system seemed to be justified. A great wave of immigrant population beat upon the Atlantic coast, and the newly built railways, penetrating the West, were so many fiords by which the tide reached the interior, where it spread over the prairies as the salt tide overflows a marsh. But when the activities produced by the expenditure of money in

[1] In an article by Ezra C. Seaman, Hunt's "Merchants' Magazine," for December, 1857, p. 664.

constructing the railways had subsided, those which were derived from the operation of the railways through sparsely settled regions were not important enough fully to replace them. Men who had subscribed for stock beyond their means and had borrowed money to pay for it were forced to sell at a sacrifice. A heavy and long-continued decline in the price of railway shares resulted. The depression in the stock market gave the first indication of the coming general financial trouble.

It was but one of many symptoms of the disorder which it required a complete revulsion to cure. The abundance of ready money, tempting to universal extravagance, was the producing cause of the disorder. It led, as we have seen, to the exportation of much the greater part of the new stock of gold; and the credit system was reared upon a reserve of hard money quite inadequate to the task of sustaining it. The bank returns show how ill prepared the country was to meet an emergency. On the 1st of January, 1856, the banks of the United States had deposits amounting in the aggregate to $212,705,662; circulating notes to the amount of $195,747,950; and only $59,719,956 in specie, a reserve of less than 14½ per cent. The banks of New England, the last to suspend specie payments in the panic of 1857, had on the same date $6,796,314 in specie against deposits of $31,596,935, and circulation of $47,762,301. The specie reserve was less than 9 per cent. of these two classes of immediate liabilities.[1]

With the above facts in view it is not difficult to understand why the panic came: overimportation, to which the people were tempted by low import duties, facilitated by a sudden and great supply of gold, which is of all substances the best for the purposes of a buyer, extravagance in expenditure and recklessness in investment,

[1] See "The Commercial Crisis of 1857," by Amasa Walker, in Hunt's "Merchants' Magazine" for November, 1857, p. 532.

resulting in a tremendous extension of credit, under a system of insecure banking and unsecured paper money. When all the excesses had weakened the commercial body so that it could endure no more, a slight lesion was sufficient to lay it prostrate.

"The country continues prosperous," said Hunt's "Merchants' Magazine," in its commercial chronicle, in the issue for September, 1857, "and none of the troubles which threatened us early in the season have thus far overtaken us. . . . The croakers, however, are as busy as ever." The review in the next issue begins with the words: "The last month has witnessed one of the most disastrous financial revulsions which has (*sic*) visited the country for many years." The failure of the Ohio Life Insurance and Trust Company, on August 21, precipitated the crisis. The company's home was in Cincinnati, but its principal business was in New York. It had borrowed on call two or three million dollars which it had lent on various stocks and bonds. An attempt to contract their loans on the part of the banks involved a call upon the company to repay its loans, and the great shrinkage in the value of the collateral rendered it impossible to comply with the demand. The banks continued their policy of contraction, mercantile failures resulted, and finally there was a general suspension of specie payments throughout the country. The crisis was an effort of nature to right itself. It was a painful process, but it revealed the true condition of the country, exposed weak points in the system, and eliminated evils the existence of which was not suspected so long as general confidence prevailed. One of the first effects of the panic was to put a sudden stop to the importation of foreign goods, and thus to cut off a large part of the government revenue. How disastrous it was to the Treasury may be seen upon an examination of the return of receipts from customs, by quarter years, for the two successive fiscal years: —

RECEIPTS FROM CUSTOMS DUTIES.

	Fiscal Year 1856–57.	Fiscal Year 1857–58.
Quarter ended September 30	$20,677,740	$18,573,729
December 31	14,243,415	6,237,724
March 31	19,055,329	7,127,901
June 30	9,899,421	9,850,267
Total	$63,875,905	$41,789,621

The value of imported goods fell from $348,428,342 in the former year to $263,338,654 in the latter, although one quarter of the year had elapsed before orders for goods from abroad, sent before the crisis, could be countermanded. Recovery from the commercial disaster was fairly satisfactory both in extent and in point of time; but it was not sufficient to restore the Treasury to the sound condition of obtaining revenue enough to meet the ordinary expenses of government. Instead of applying the remedy which, in such circumstances, is the only wise one, an increase of taxation, Congress resorted to its usual method of dealing with a deficiency, — treasury notes and a loan. It made no provision of additional revenue to meet these obligations. The outstanding public debt on July 1, 1857, was $28,699,831.85. It increased every succeeding year until 1861, when the Civil War entailed upon the country expenses which made all preceding budgets seem insignificantly small. Congress authorized an issue of $20,000,000 treasury notes by act of December, 1857; a loan of $20,000,000 by act of June 14, 1858; and a loan of $21,000,000 by act of June 20, 1860. Of this last loan only $7,022,000 could be sold. The public debt at the end of the fiscal year 1858 was $44,911,881; in 1859 it was $58,496,838; in 1860 it had reached $64,842,288. This increase does not represent the whole deficiency, for the Treasury balance was decreased $14,000,000 during these three years.

The political situation was exceedingly unfavorable for

a proper consideration, indeed, for any consideration at all, of a measure for tariff revision. The Democratic party had been successful at the election of 1856; and in the platform of that party for the first time had appeared a declaration in favor of "progressive free trade throughout the world."[1] The President, Mr. Buchanan, to be sure, was a Pennsylvanian, and a protectionist at heart; but it will have been seen on preceding pages of this volume that he had more than once subordinated his opinions to the demands of party exigency. The Democratic members of Congress, on the other hand, were almost to a man opposed to the protective policy. The Republican party, drawn together from both the Whig and the Democratic parties, professed at that time but a single aim, opposition to the encroachments of slavery. Any attempt to commit the organization to a tariff policy would have tended to divide it. Accordingly the platform of the convention which nominated Frémont was silent upon the question. Nevertheless, upon several occasions efforts were made to introduce bills upon the subject of the tariff at both sessions of the Thirty-fifth Congress. The rules relating to the introduction of bills were far less liberal than they are now; and in every case there was a prompt objection to the reception of the bill, and a refusal on the part of the House of Representatives to admit it.

Notwithstanding the devotion of the Republican party to its one issue, influences were at work which ultimately constituted it as sturdy a champion of protection as the Whig party had ever been. Chief among these influences must be reckoned the part which Horace Greeley played in the politics of the time through the "Tribune," and mainly by means of the weekly edition. Mr. Greeley was an earnest disciple of Henry Clay, and during his long career as a journalist never faltered in his advocacy of the "American system." His great facility in the art of

[1] "History of the Presidency," p. 268.

putting things and his transparent sincerity gave him extraordinary power over his readers. It may be doubted if there has ever been an American editor who commanded the confidence of those whom he addressed more thoroughly than he did. As he urged the wisdom and the necessity of the protective policy with as much earnestness and almost as much persistency as he advocated the exclusion of slavery from Kansas and the passage of a homestead law, it is no wonder that the farmers and all the plain people who had abandoned the Democratic party on the issue of slavery, and who were wont to watch eagerly for Mr. Greeley's outgivings on the Kansas question, should have been won over gradually to the side of protection.

The preponderance of the Whig element in the Republican party helped the cause, which was aided also by the natural tendency of men united for one great purpose to act together on minor issues. Before 1860 the Republicans were sufficiently consolidated to make it safe, and for a reason which will be mentioned presently, expedient, to insert in the national platform the following declaration : —

> That, while providing revenue for the support of the general government by duties upon imports, sound policy requires such an adjustment of these imposts as to encourage the development of the industrial interests of the whole country ; and we commend that policy of national exchanges which secures to the workingmen liberal wages, to agriculture remunerating prices, to mechanics and manufacturers an adequate reward for their skill, labor, and enterprise, and to the nation commercial prosperity and independence.

Mr. Blaine, in his " Twenty Years in Congress," argues plausibly, even convincingly, that it was the attitude of the Republican party on the tariff question which effectuated the election of Mr. Lincoln. His line of reasoning is briefly this : that the popular excitement over the wrongs

of Kansas was no greater in 1860 than in 1856; indeed, that the commotion had partially subsided. Not only had a considerable part of the Democratic party joined the Republicans, but those who were left had become hopelessly divided, insomuch that a policy toward slavery as favorable as that of Mr. Buchanan was no longer possible. Consequently there was no important shifting from the Democratic to the Republican party; and without such a transfer the result of the election of 1856 would be repeated. But at this juncture, namely, in the canvass of 1860, Mr. Curtin, the Republican candidate for governor of Pennsylvania, brought forward most prominently in all his campaign addresses, the importance of a protective tariff, and argued strongly that the policy would be adopted by the Republicans, and would certainly not be adopted by the Democrats. To this feature of the canvass Mr. Blaine attributes the success of the Republicans in Pennsylvania, and to that event he ascribes the election of Mr. Lincoln. It is certain that an electoral majority for Mr. Buchanan was universally conceded after the October election in Pennsylvania, four years previous; and that the triumph of Mr. Lincoln was admitted to be inevitable when Governor Curtin was elected in October, 1860.

Meantime the Treasury returns were demanding a revision of the tariff in order to produce sufficient revenue, as earnestly as the advocates of protection were urging that the revision, when undertaken, should take into consideration the interests of manufactures. The President, in his first annual message, December 8, 1857, did not conceal the unsatisfactory state of the national finances; but he thought that the tariff had "been in operation for so short a period of time and under circumstances so unfavorable to a just development of its results as a revenue measure that I should regard it as inexpedient, at least for the present, to undertake its revision." A year later, December 6, 1858, he urged upon Congress the impolicy

of continuing to increase the national debt to meet ordinary expenses, and the wisdom of providing increased revenue. At the same time he suggested "that the incidental protection thus afforded by a revenue tariff would, at the present moment, to some extent increase the confidence of the manufacturing interests and give a fresh impulse to our reviving business." He proceeded to declare a decided preference for specific duties instead of ad valorem, both as "the best if not the only means" of protecting the revenue against fraud, and as giving to the manufacturer "the incidental advantages to which he is fairly entitled under a revenue tariff." He characterized the ad valorem system as a sliding scale to the disadvantage of the manufacturer. In his third annual message the President merely referred to his former opinions which, he said, had undergone no change. When he sent to Congress his fourth and last annual message the "Morrill" tariff had already passed the House of Representatives and awaited action by the Senate; but he argued again, and this time at considerable length, in favor of specific duties, which were proposed in the pending bill to a greater extent than ever before.

The Thirty-sixth Congress began its first session in December, 1859. The situation was seemingly as unfavorable to the passage of a tariff measure restoring the system of protection as it had been at any time since the triumph of the anti-protectionists in 1846. The Senate consisted of sixty-six members, of whom thirty-eight were Democrats, twenty-six Republicans, and two "Americans." Among the Republicans were several who had come into the party from the Democratic, and who, though they might be tolerant of a protective policy, could not be expected to become ardent champions of it. On the other hand the Democrats, without an exception, were on the free trade side of the controversy. The House of Representatives, of 237 members, consisted of 113

Republicans, 93 administration Democrats, 8 anti-Lecompton Democrats, and 23 Southern Americans.[1] No party commanded a majority. The contest for the speakership lasted two months; it ended in the choice of a Republican, Mr. Pennington, of New Jersey. But the Republicans were far from being in a position to control the conduct of business in the House.

Slight as seemed the prospect that Congress would pass a tariff act, the Committee of Ways and Means undertook the task of carrying such a measure through the House. The bill which it reported was identical in most of its provisions with one which Mr. Justin S. Morrill, of Vermont, a member of the committee, had vainly tried to get before the House during the previous Congress. It provided for a loan of ten million dollars to pay outstanding treasury notes and made a complete revision of the tariff. The legislative history of the bill is brief and not important. On March 12 Mr. Morrill endeavored to report the measure, but was met by an objection by a single member, which was sufficient to prevent the reception of the report. Mr. John Sherman, the chairman of the committee, repeated the attempt on the following day. Although a majority voted to suspend the rule and admit the report, the necessary two-thirds vote was not obtained. Thereupon a proposition to amend the rule, so as to permit the committee to report, was brought in and the new rule was adopted, and on April 6 the bill was reported. The opponents omitted no opportunity to obstruct it. In order to reach it on the calendar of the Committee of the Whole it was necessary to lay aside fifteen other bills. The objectors compelled Mr. Sherman to move separately the postponement of each one of the intervening bills.

The debate began on April 13. The first speech made was one on the slavery question and contained no mention of the tariff. But Mr. Morrill, and after him other mem-

[1] The classification is that given in the Tribune Almanac for 1860.

bers, discussed the question actually before the Committee of the Whole. After a few days of general debate the bill was taken up by sections for amendment. But at no time during the few days the consideration of the measure continued was there anything said upon either side which throws light either upon the economic policy of protection or upon the situation which led to the revival of that policy. Indeed, the bill was regarded by its friends as little more than a recurrence to the system of specific duties and the tariff rates of 1846, and therefore not reasonably objectionable even to the advocates of an extremely low tariff. The assertion was made repeatedly that the effort had been to find the equivalent specific duty for the ad valorem rate of 1846, and to adopt that. The final votes were taken on May 10, 1860. Just before the committee rose to report the bill to the House, Mr. Barksdale, of Mississippi, moved an amendment the effect of which would be to reënact the tariff of 1846. At the request of Mr. Sherman he withdrew it upon an understanding that it might be offered in the House, and that a yea and nay vote should be taken, which was not permissible in Committee of the Whole. After the bill had been reported to the House, Mr. Barksdale declined to renew his amendment and said that he preferred to have the vote taken on the bill as it was. A motion to lay the bill on the table was rejected, 63 to 101, and the bill was then passed, yeas 105, nays 64. The vote was nearly on party lines. Three Republicans voted *no ;* three Democrats supported the bill, as well as four "anti-Lecompton" Democrats. Only ten of the twenty-three Southern Americans were recorded, of whom seven supported and three opposed the bill. The free States gave but fourteen votes against the bill, the slave States but eight in favor of it. Probably the large number of unrecorded votes, almost one third of the whole House, is to be accounted for by the unwillingness of many members to go against the majority of their party.

The bill having been sent to the Senate was referred to the Committee on Finance, which retained it without action more than a month. The chairman of the committee, Senator R. M. T. Hunter, of Virginia, reported it back on June 13, and moved that the consideration of it be postponed until the next session. He supported his motion in a long speech, urging that the situation of the Treasury did not demand an increase of taxation. He did not deny — of course he could not deny — that the revenue had been and still was insufficient; but he believed that in a short time importations would increase and restore the balance of receipts and expenditures. In any event he was opposed to the principles of the bill, the provisions of which he analyzed at considerable length.

After a brief debate Mr. Hunter's motion was adopted by a vote of 25 to 23. In the circumstances this was a very narrow vote. Mr. Bigler, of Pennsylvania, was the only Democrat who voted against postponement. Almost every Republican was recorded in the negative, or paired against the motion; and there were at least ten Democrats who neither voted nor paired. The fact was that the bill gained strength by lapse of time, for the Treasury deficit continued to grow. When the vote to postpone was adopted, the two Houses had agreed to adjourn finally on the 20th of the month. Subsequently the day of final adjournment was put off a week, and a motion to reconsider the postponement was entered. The mover was a Democrat, Mr. Powell, of Kentucky. In the debate which ensued, the motion was advocated by one or two other Democrats on the ground that more revenue was needed and that it was advisable to pass the bill, objectionable as they deemed it, rather than to adjourn without providing additional taxation. Mr. Jefferson Davis, of Mississippi, ranged himself on the same side, but gave a singular and characteristic reason for his action. He regarded the act of 1846 as "more democratic" than the act of 1857,

which extended the free list in the interest of manufacturers. He wished, therefore, to get back to the rates of 1846, and to repeal the act of 1857, the passage of which he thought had been procured by corruption. No other senator took this view of the matter; but when the motion to reconsider was put, it was carried by a vote of 33 to 17. The session was too near its end to permit a consideration of the bill, and it went over to the second session.

When Congress reassembled, in December, 1860, South Carolina had already adopted the ordinance of secession, and the senators from that State did not appear at any time during the session to take their seats. Before the tariff bill was taken up for discussion the senators from five other States — Georgia, Alabama, Florida, Mississippi, and Louisiana — had withdrawn in consequence of similar action on the part of conventions of their respective States. The loss of twelve Democratic senators virtually placed the control of affairs in the hands of the Republicans and rendered easy the passage of the measure. But in the early part of the session the opponents of the bill were still able to obstruct it. On December 11, they were able to carry a motion — 29 to 27 — to refer it to the Committee on Finance, which was a hostile committee, and which reported it back on the 20th with a recommendation that it be postponed until the 4th of March, in other words that it be not considered at all. There were some Democrats who did not favor suppressing the bill, and a motion was made and was successful, to refer it to a select committee of five senators. The committee consisted of three Democrats and two Republicans; but Mr. Bigler, of Pennsylvania, a protectionist, was one of the Democrats, and accordingly there was a majority in favor of the principle of the bill.

It reappeared in the Senate on February 1. The select committee proposed numerous amendments, and the

debate which began a week later was devoted almost wholly to a consideration of these amendments and others offered by individual senators. Some passages in the debate are interesting, and, but for the fact that the Morrill tariff lasted but a short time, might be important. The bill proposed a virtual abolition of the warehousing system. Mr. Seward urged strongly the retention of the system and carried the Senate with him.[1]

As usual the most earnest controversies were in regard to the duties on iron and wool. The Pennsylvania members obtained substantially all they desired. The position of members on the question of the wool duty was peculiar. After the amendment proposed by the select committee had been disposed of, the first amendment offered was one regarding the wool duty. The law then in force levied a duty of 24 per cent. on all wool valued at 20 cents or more a pound; all under that value was free of duty. The tariff bill of 1861 as it was passed by the House of Representatives laid a duty of 3 cents a pound on wool valued at 18 cents and less than 24 cents a pound, and of 9 cents on wool valued at more than 24 cents. The select committee of the Senate made no change in this provision. The question came up several times in different forms in the Senate debate, but the discussion which possesses the most interest took place on the 19th of February, the day before the bill was passed. Mr. Bingham, of Michigan, — several propositions on the subject having been rejected, — offered an amendment laying a duty of 5 per cent. on wool valued at less than 18 cents a pound. The amendment was supported by all the Southern members who were left in the Senate, and by the Northern Democrats. It was opposed by all save one or two of the protectionists, including senators from Vermont and Ohio, States particularly interested in wool

[1] The movement to abolish the warehousing system was successful a few months later. See section 5, Act of August 5, 1861.

growing. At one time the debate touched upon general principles in a peculiar way. Mr. Wilson, of Massachusetts, pleaded with the Senate not to add this "burden" to manufacturers; whereupon Mr. Baker, of Oregon, remarked that as "an old Whig" he used to argue "in the presence of a great many people to make them believe that the way to have things that they wanted to eat, to drink, and to wear, very cheap, was to put a high duty on them [Laughter]. Well, I reasonably believed that then, and I reasonably believe it now. . . . It would be very hard for me to go home and tell my people that Senator Wilson convinced me that, in the case of wool, the only thing we raise and care much about, the way to get the better price for it is to have no duty at all. . . . We cannot sell much of anything; but we do happen to raise a little wool, and very coarse wool at that; and for the sake of the appearance of the thing, at any rate, I think to levy a duty of 5 per cent. upon it will not be unreasonable." [1]

This may be classed among the humors of the tariff controversy. Senator Wilson's sense of humor was not aroused by Mr. Baker's speech. To him it was a serious matter. He did not respond in the same vein but opposed the amendment earnestly. Nevertheless it was carried, by a vote of 23 to 20, and the clause with the 5 per cent. duty on low priced wool remained in the bill and ultimately became law.

The bill was passed on February 20, by a vote of 25 to 14. Mr. Bigler, of Pennsylvania, was the only Democrat who voted for the bill; no Republican opposed it. On its being returned to the House of Representatives with one hundred and fifty-six amendments the whole matter was referred to the Committee of the Whole. Some members were disposed to obstruct the measure as much as

[1] "Congressional Globe," Thirty-sixth Congress, second session, part ii. p. 1026.

possible ; and, as the rules of the House permitted them to do, they insisted upon a separate consideration and a separate vote on each amendment. Ultimately every amendment save one was concurred in. A provision laying a tax on coffee and tea was rejected. This case of non-concurrence was referred to a committee of conference, which recommended that the Senate recede. The report was promptly agreed to by both Houses, and thus the Morrill tariff act laid no duty on tea or coffee. The President approved the bill on the 2d of March, and it took effect on April 1, 1861.

During the same month Fort Sumter was attacked and surrendered, the President issued his first call for volunteers, and the four years' Civil War began. Congress was summoned in extraordinary session, and entered upon its herculean task of organizing the land and naval forces and of providing ways and means for carrying on the gigantic struggle. Among the measures passed at the session which began on July 4 was an act increasing duties. There was no question of protection. Revenue was required. The act of August 5, 1861, was passed with little discussion in either branch of Congress. As it was originally reported in the House of Representatives it was a simple measure levying duties on tea and coffee, and increasing them on sugar, molasses, spices, salt, fruits, drugs, hemp, india-rubber, and other articles of which those enumerated are typical. The bill was opposed, as were all the measures of the administration, by the Democrats of North and South ; but the Republican majority was so great that it was easy to cut off discussion and overcome all resistance. In the Senate the situation was the same. The Committee on Finance brought in an amendment levying a direct tax of twenty millions and imposing an income tax. These additions to the revenue system were adopted almost as soon as they were proposed. To an objection made by one of the senators, Mr. Fessenden, of

Maine, replied that it was simply a question of obtaining means to prosecute the war, that nothing else would do at the time, and that Congress should not hesitate. A conference committee, which was constituted upon a *pro forma* rejection of the system by the House of Representatives, changed the form of the bill to a certain extent, and the report of the committee was accepted with hardly a word of debate.

At the first regular session of the Thirty-seventh Congress, which began in December, 1861, two tariff acts were passed. The first increased still further the duties on tea, coffee, and sugar. So urgent was the need of more revenue than was yielded by the existing laws that this act was hurried through both Houses of Congress and was approved by the President on December 24, three weeks after the beginning of the session. The promptness with which it was passed illustrates in a striking manner the readiness of Congress to adopt almost any suggestion of additional taxation upon the recommendation of the Committee of Ways and Means, of which that masterful leader of men, Thaddeus Stevens, of Pennsylvania, was chairman. Near the close of the same session the second tariff act was passed, "increasing temporarily the duties on imports." The changes made were partly a substitution of new duties for those previously in force, and partly an addition to the old duties, but in both cases the result was decidedly heavier duties, save upon tea, coffee, and sugar which had already been taxed severely. Under the Morrill tariff all unrefined sugar bore a duty of three fourths of a cent a pound. The war duty was two and a half, three, and three and a half cents a pound, according to grade. Heavy additions were made to the duty on imported iron — except pig iron — upon cotton and woollen goods of all classes, and upon most other of the "protected" manufactures. At the same time the free list was shortened heroically. Young's "Customs-

Tariff Legislation" [1] specifies 1492 articles and subdivisions of manufactures enumerated in one or more tariff acts passed between 1846 and 1870.[2] Of this number 182 were free under the Morrill tariff; the act of July 14, 1862, left only 99 articles on the free list.

In spite of the great augmentation of duties by the act of 1862, another tariff act and a still further advance of rates was necessary in 1864. The introduction of an all-embracing system of internal revenue involved such heavy taxation of domestic products that the existing tariff would have had in many cases the effect of a bounty on the importation of foreign goods. The new tariff was therefore merely a readjustment with the double purpose of obtaining more revenue, payable in gold, to meet the interest on the public debt, and of restoring to manufacturers the protection which, without such a readjustment, the excise laws would have taken from them. The legislative history of the act of 1864 is almost unexampled for brevity. Although the session — the first of the Thirty-eighth Congress — began on December 7, 1863, the tariff bill was not reported by the Committee of Ways and Means until May 27, 1864. The debate upon it began on June 2, and the bill was passed on June 4. The Senate Committee on Finance reported it on June 14; the bill was taken up for consideration on June 16; and it was passed on the 17th. It was approved on the 30th.

[1] Government Printing Office, 1874.

[2] The number enumerated in any one general tariff act was of course much smaller; and the enumeration always included the free list. It has been asserted frequently in the tariff discussions of the past that a duty was levied on more than two thousand classes of articles, — an assertion which conveyed a triple untruth; since, first, no tariff act ever passed by Congress enumerated as many as fifteen hundred articles; secondly, because, of the articles enumerated, several hundred were usually specified for the purpose of declaring them to be free of duty; and, thirdly, because in no true sense are three different sizes of window-glass, or three skeins of cotton yarn of different fineness, so many distinct classes of merchandise, from the mere fact that different rates of duty are levied on them.

The objects of the measure were so well understood, the methods of accomplishing what was desired were so fully agreed upon, and the majority of the dominant party was so large, that the debates upon it were quite as uninteresting and almost as brief as a discussion of a private pension bill. Opposition was made to the new tariff, but it was the formal opposition of men who had not the slightest hope of preventing the passage of the bill.

The act curtailed the free list still further and left exempt from duty scarcely anything except some of the crudest of raw materials used by manufacturers. A half cent a pound was added to the duty on each grade of unrefined sugar, and the duty on refined was fixed at five cents a pound. Thirty-five cents a pound for unmanufactured tobacco, two dollars and a half a gallon for brandy, eighteen cents a hundred pounds for salt in bulk, one hundred per cent. ad valorem for opium, and thirty-five cents a gallon for beer, are specimens of the duties levied. The protectionists, let us rather say the protected manufacturers, found their opportunity in the necessity of the government, and the bill is full of examples of their prowess. The new duties on wool and woollens illustrate the quality and the extent of their work. Upon wool the duty ranged from three cents a pound to ten cents; and upon manufactures of wool the system of compound duties and high rates, introduced in the act of 1862, was greatly extended. For example, upon several important classes of goods the duty was twenty-four cents a pound and forty per cent. ad valorem.

The fact seems to have been that whoever could devise or discover a new object of taxation, or who was courageous enough to advocate an increase of duty upon an article already taxed, was regarded as a public benefactor, and the suggestion was adopted forthwith. As for the manufacturers they had only to declare what rate of duty they deemed essential, and that rate was accorded to

them. Lest it should be thought that the adoption of such a policy was a complete surrender of Congress to the demands of manufacturers, we must bear constantly in mind the fact that manufacturers themselves were subject to a taxation so severe that they would really have been crushed unless they had been compensated by a substantial monopoly of the home market. They paid a license tax for the privilege of continuing in business; their raw material was subject to excise; so was their product; and an income tax came at the end to diminish their profits. It is little wonder that they asked to be relieved from the peril of losing the market for goods which paid such heavy tribute to the government. Nor is it strange that Congress admitted the justice of their claims and granted what they desired.

The last act of the series of war tariffs was passed March 3, 1865. It was not a general revision of the tariff, but it introduced the system of compound duties upon cotton manufactures, adding an ad valorem duty to the specific duties already imposed. The rate of duty on the cheapest calicoes was fixed at six and a half cents a square yard and ten per cent. ad valorem. Additions were made to the already great impost upon brandy and other spirits, and the rate upon railroad iron was advanced to $22.40 per long ton.

It is not merely difficult, it is impossible, to estimate even approximately the effect of the heavy duties imposed on foreign goods by these several acts. The foreign trade declined rapidly, but it would be presumptuous to assert that the tariff was answerable for much or for little of the decline. Such manufactures as were prosecuted during the Civil War were extremely profitable; but it does not appear to be certain that they were made profitable by high duties operating to exclude competing foreign goods. The high cost of living is of itself quite sufficient to account for the decrease in the importation of foreign

goods; and causes existed, far more potent than the tariff, to make the cost of living high. The derangement of labor through the withdrawal of a great proportion of the men for military service; the excessive prices occasioned by the fluctuation in the value of the depreciated currency; and the operation of an excise system which probably has no parallel in history either for thoroughness or for severity; any one of these causes had vastly more influence in discouraging the expenditure of money for articles not indispensable than could have been exerted by the duty upon foreign merchandise. The same causes must be assigned as the most important elements of the protection enjoyed by manufacturers; but to them is to be added one other element. The government itself became the best customer of the manufacturer, — a customer who could be forced to pay the highest market price for everything it needed, a customer who rarely haggled over prices, a customer who bought for the most wasteful of all consumers, an army. The government took the millions of the people's money in taxes, borrowed other millions, and spent the whole in clothing, boots, hats, firearms, — in hundreds of classes of articles required to provide for a vast army in the field. It bought domestic goods only, if such were to be had, and thus it became better than a full substitute for that "home market" for which protectionists had petitioned so long.

The condition of affairs, in short, was such that all the direct effects of the tariff upon trade and manufactures were completely masked. The high duties were an inner and a useless barrier against importation, a second line of defence for the "protected" manufacturer, which he did not need so long as the outer breastworks were insurmountable. Nevertheless the actual situation is worthy of a moment's study. After the revulsion in 1857 there was a sudden decrease of importations, in a single year, from a value of $348,428,342 to $263,338,654, then a steady

increase until 1860, when a new maximum was reached, namely, $353,616,119. The following table exhibits the facts most interesting for present purposes, of the import trade during the years from 1860 to 1866, one year after the war closed. It shows the absolute decline of the trade, the gradual but almost complete extinction of the free list, and the great average addition to the rates of duty: —

Year.	Imports.		Duty collected.	Av. rate ad valorem of dutiable.
	Free.	Dutiable.		
1860....	$73,741,479	$279,874,640	$52,692,421	19.67
1861....	71,130,351	218,180,191	39,038,269	18.84
1862....	52,721,653	136,635,024	46,509,215	36.20
1863....	35,241,924	208,093,891	63,729,203	32.62
1864....	41,126,332	275,320,951	96,465,957	36.69
1865....	44,519,516	194,226,064	80,635,170	47.56
1866....	59,028,506	375,783,540	177,056,523	48.35

A large part of the financial history of the war period and not a little of the social history is exemplified in this table. For, in addition to the matters already mentioned, we can detect in the figures for the earlier years the story of enforced economy practised by the people generally; a little later we perceive the beginnings of the extravagance and recklessness induced by an excessive issue of paper money; and immediately upon the close of the war we find the importations exceeding by eighty million dollars the largest previous aggregate for a year, and that, too, when the South had well-nigh ceased, for the time, to be a consumer of foreign merchandise.

The account of domestic exports during the same period, and during the years that followed, is instructive in a negative way only. Neither during the prevalence of the protectionist policy, nor under the low tariffs of 1846 and 1857, were American manufactured goods exported largely. The only important exception to the statement is coarse cotton fabrics, in which a good trade had been established before the Walker tariff was passed, and the trade became large and profitable during the era of low

tariffs. The fact was, and has usually been, at all times, that the population of the country itself, and the needs of that population, grew at a much faster rate than the capacity of mills and factories to supply them. Consequently, at rare intervals only, and for short spaces of time, was there a surplus of articles of home manufacture for which it was profitable to seek a foreign market. If it be urged that the protectionist policy hampered the growth of manufactures, and made the cost of manufactured goods so high that they could not be exported in competition with foreign products, it may be replied, first, that theoretically the great profits supposed to be given to protected manufactures by the "tariff wall" should have attracted capital in large amounts to industries that were open to all, and thus have produced a surplus; and, secondly, that there was no greater growth of manufactured exports under the low tariffs than under the high, — in fact, scarcely any growth at all, save in the one case already mentioned, that of cotton goods.

Moreover, during the whole period of American history for which trustworthy statistics of the export trade are available, it is impossible to trace any connection between the nature of the tariff policy prevalent at any given time and export trade movements. That is to say, bearing in mind that the chief articles of exportation from this country have been cotton and foodstuffs, increases and decreases in the volume of the trade may in all cases be fully accounted for by such circumstances as good or bad crops in this country and in Europe, in the case of food; and by the English demand for cotton and the American supply, in the case of that staple. It is therefore not only not necessary but also not candid to ascribe to high or to low tariffs fluctuations in the volume of exports of classes of merchandise which foreigners buy in this country, not from choice but from necessity.

The quick decline in the amount of exports which

ensued upon the beginning of the war was a result solely of the absolute cessation of the cotton trade. The following table shows the value of the total export trade for the seven years 1860–66 inclusive, and the value of the raw cotton exported in the same years: —

Year.	Total merchandise exports.	Exports of cotton.	Total, less cotton.
1860....	$333,576,057	$191,806,555	$141,769,502
1861....	219,553,833	34,051,483	185,502,350
1862....	190,670,501	1,180,113	189,490,388
1863....	203,964,447	6,652,405	197,312,042
1864....	158,837,988	9,895,854	148,942,134
1865....	166,029,303	6,836,400	159,192,903
1866....	348,859,522	281,385,223	67,474,299 [1]

The fact that the exportation of domestic products, except cotton, was greater during every year of the war than it was in 1860 is wholly without significance, unless it may be regarded as useful in disproof of the theory that a nation which discourages importation by means of high duties is unable to find foreign markets for its own products. The same deduction may be made from the tariff and commercial history of the years following the restoration of peace when, under an exceedingly high tariff, a further great expansion of the export trade took place.

One of the resolutions of the Democratic party, adopted at its national convention in 1856, contained the following sentence: "The time has come for the people of the United States to declare themselves in favor of free seas and progressive free trade throughout the world, and by solemn manifestations to place their moral influence at the side of their successful example." The administration of President Pierce, which was warmly commended in another resolution of the same platform, had negotiated

[1] The statement of a decline in a single year of nearly a hundred millions, and of nearly sixty per cent., is suggestive of an error in printing. It is, nevertheless, correct. There was a great decrease in that year in the exports of nearly all staple goods except cotton.

with the government of Great Britain a treaty of reciprocity for the admission of certain products of the British North American colonies and of the United States from either country into the other, free of duty. The treaty was made on June 5, 1854, ratified on September 11, and proclaimed by the President — the necessary act of Congress having been passed — on March 16, 1855. It abolished duties as between the United States and the Provinces upon the following named articles: —

Grain, flour, and breadstuffs of all kinds; animals of all kinds; fresh, smoked, and salted meats; cotton-wool; seeds and vegetables; undried fruits; dried fruits; fish of all kinds; products of fish and all other creatures living in the water; poultry; eggs; hides, furs, skins or tails undressed; stone or marble in its crude or unwrought state; slate; butter, cheese, tallow; lard; horns; manures; ores of metals of all kinds; coal; pitch, tar, turpentine; ashes; timber and lumber of all kinds, round, hewed and sawed, unmanufactured in whole or in part; firewood, plants, shrubs, and trees; pelts; wool; fish-oil; rice; broom-corn and bark; gypsum, ground or unground; hewn or wrought or unwrought burr or grindstones; dyestuffs; flax, hemp, and tow unmanufactured; unmanufactured tobacco; rags.

An examination of this list will show that in the matter of gaining a market the advantage was overwhelmingly in favor of the Provinces. The articles named are almost without exception those of which Canada — using that term to include New Brunswick, Nova Scotia, and Prince Edward Island — already produced a surplus. Cotton, rice, pitch, tar and turpentine, and tobacco, are the exceptions; and in the inclusion of them we see the influence of the South, which dominated the dominant party in this country. Not a single article advanced a step by manufacture, for which Canada offered a market, was placed upon the list. It is true, and it must in fairness be candidly admitted, that the treaty allowed American fishermen free access to the Canadian in-shore fisheries, and

this was a valuable privilege, particularly to New England. It was a privilege of which the fishermen made light; for they have always declared that they asked nothing more than security in the international right to fish at a distance of one marine league from the shore. Great Britain limited the right by insisting that the line of exclusion was not to follow the indentations of the shore, but was to be drawn from headland to headland across the mouths of bays however wide. It may be that the fishermen would have been satisfied with such rights as were theirs by the law of nations as interpreted by American Secretaries of State; yet it is to be conceded that whenever the greater privileges were theirs they have taken full advantage of them.

There is no doubt that when the treaty of 1854 was accepted, protectionism in the United States was almost extinct, as a political force, and there was a well-nigh universal expectation that the arrangement for reciprocal trade with Canada was to be a first step toward free trade, — that the tariff barrier along the northern line of the country was speedily to be broken down. The operation of the treaty was such as ought to have been foreseen by every one who knows human nature. The Canadian governments compensated themselves for the loss of revenue through the admission of raw materials free of duty by increasing the duty on manufactures. The total annual value of American goods exported to Canada was smaller, by three and a half million dollars, in 1862 than in 1854, showing that the treaty did not enlarge the market for such goods; but whereas the value of manufactured goods exported in 1856 was eight million dollars, it was but one and a half million in 1863.[1]

Besides increasing duties on goods not covered by the treaty, Canadian governments took measures to divert trade into channels more useful to themselves than those

[1] See House Report no. 39, Thirty-eighth Congress, first session.

through United States ports. The result was a great reduction of the reëxport trade of this country. And the final effect of the treaty was that the merest fraction of imports from Canada to the United States was subject to duty; that the importations increased largely; that exportation did not increase; and that a large part of the goods exported were subject to duty in Canada. These facts are not mentioned as, in any sense, the basis of an indictment against Canada. The measures advised by Canadian statesmen and adopted by Canadian parliaments were such as, in similar circumstances, would have been adopted by an American Congress, unless it were so anxious to promote free trade throughout the world as to be willing to sacrifice national self-interest in order to exhibit a "solemn manifestation" of its purpose. Nevertheless, it could not be expected that when the protectionist fervor reappeared in American politics, and when the one-sidedness of the arrangement was so apparent, those who had not declared in favor of progressive free trade throughout the world should be satisfied with the operation of the treaty.

The history of the movement for an abrogation of the treaty is interesting. Originally, that movement took the form of an effort to substitute a more equitable agreement for that of 1854, — one that should include manufactured goods to a certain extent in the list of articles exempt from duty. Such were the spirit and the recommendation of a report made by the Committee on Commerce of the Thirty-seventh Congress,[1] and the committee of the Thirty-eighth Congress repeated the recommendation.[2] It should be remarked that the Republicans were in absolute control of affairs when these reports were made. Upon the point that the operation of the treaty was thoroughly unsatisfactory there was little disagreement. Certain interests that would be unfavorably affected by its abrogation raised a feeble voice in support of it. For example, Canadian

[1] Report no. 22, second session. [2] Report no. 39, first session.

legislation tended to build up the traffic of the Grand Trunk Railway, and this served to create a public sentiment in one part of Maine in favor of the treaty. On the other hand, the transportation interests of New York were enlisted strongly against it.

The Committee on Commerce of the House of Representatives having reported, in April, 1864, a resolution directing the President to give notice of the abrogation of the treaty unless a better arrangement could be made with Great Britain,[1] Mr. Morrill, of Vermont, offered a substitute directing an unconditional notice of abrogation to be given. The advocates of an attempt to negotiate a better treaty were strong enough to carry a motion to postpone the matter until the December session. But when the second session of the Thirty-eighth Congress began, public opinion and the sentiment of the members had changed radically. All through the North a feeling of resentment had been growing steadily on account of the apparently strong sympathy of the Canadians for the Confederate cause, and in the end it seemed to become the chief reason for abrogating the treaty. The Morrill substitute providing for an unconditional notice to Great Britain was adopted, and the resolution was passed by a vote of 85 to 57. In the Senate another substitution was made. The form of the resolution was more correct than that of the House, but the language was even more curt and uncompromising. The Senate passed the resolution by a vote of 33 to 8. The House accepted the amendment, the notice was given on the earliest day that was permissible under the terms of the treaty, and reciprocity with Canada came to an end on March 17, 1866.

[1] The treaty was, by its own terms, to remain in force for ten years. At any time after the expiration of ten years either party might give one year's notice of a desire to terminate it.

XIV

PROTECTION ASSAILED AND MAINTAINED

It is not easy to draw a recognizable picture of the condition of the United States at the close of the Civil War, since the most faithful and unimaginative tracing in bare outline will seem, even to those whose memories go freshly back to those times, a distorted and exaggerated sketch. Yet in order to understand and explain the political, social, and economical acts and occurrences which constituted or accompanied the reconstruction of the Union, it is essential that we study the situation and endeavor to realize the state of chaos that resulted from four years of war.

The people of the North and the people of the South had become bitter foes, — not individual against individual, but individual against community, and community against community. There was in the North little of the magnanimity which would spare a conquered enemy the humiliation of defeat; in the South none of the craving for mercy that might have softened the hearts of the victors. A stern resolution to exact conditions from those who had, as they maintained, caused the war, or had conducted it, or had participated in it on the losing side, was almost universal in one half of the Union. In the other half that resolution met an equally stern and uncompromising pride, governed by which the people would make no concessions, would maintain that the rights hazarded in war were not lost, but were to be resumed at the pleasure of those who were forced against their will to remain in the Union, and would suffer, with dignity, under protest,

such punishment and such deprivation as their foes were able to inflict upon them. They would never acknowledge the rightfulness of their overthrow nor the justice of the measures devised with a view to prevent a repetition of their enterprise.

Such a temper as that on the part of communities that had been recently in arms against each other requires no explanation. Remembering of what blood were the contending factions we can see that it must have been so. Substitute an equal number of Northerners for the proud-spirited men of the South, and transfer those Southerners to the North, and the political history of the years from 1865 to 1870 would have repeated itself. But the prevalence of such a temper on the one side and the other made the restoration of tolerable political relations between the two parts of the country infinitely difficult; it made the task of actual reconciliation impossible. Nevertheless the reconstitution of the Union was obviously the first and greatest duty to be undertaken, — so great a duty that by its magnitude it dwarfed all others, and left for them, important as they were, but a fraction of the time and thought of our public men. It was inevitable, in such circumstances, that mistakes should be made most serious in their character and most injurious in their consequences. Moreover it was natural that the most striking errors should occur in reference to those matters which received the least attention from Congress. Leaving the many and great political errors wholly untouched, let us consider the financial condition of the people and the fiscal position of the government, and study the measures taken to ameliorate them.

The material condition of the United States at the close of the war was deplorable. The South had stripped itself of everything. For two years at least practically the whole population had ceased production. Most of the able-bodied men were in the army. Some food crops

were raised to support the men under arms and the people who were left at home, but otherwise the fields were untilled. Indeed, much of the territory was untillable by the owners, even if they had been at home, since it was occupied by hostile troops. In those parts of the Southern country which were free from invasion there was scarcely an attempt to raise the cotton and tobacco upon which the slave States had relied for generations to furnish them the means to purchase those articles which their little-diversified industry did not supply. Meantime, a blockade by sea and a doubly-guarded military line on the northern frontier cut them off completely from communication with the markets where such things were to be procured, and compelled the people in numerous cases to resort to the most grotesque substitutes for articles of common necessity. This condition was a most serious consequence of the neglect — in view of the labor system of the South, we may say the inability — of the Southern people to take advantage of the protective system. Almost the only thing that was abundant was money, and that — so abundant as to be almost worthless in the later stages of the war — lost the last vestige of nominal value when the Confederate government ceased to exist. Throughout the South the situation was one of abject poverty — a lack of needful commodities and of means to replace those which had been consumed or worn out.

It was the common belief of the men of that time that the condition of the North afforded a striking, an almost complete, contrast to that of the South. Appearances seemed to justify the belief. Trade was active ; all available labor was employed at high nominal wages ; industrial establishments were in operation, if not at the highest speed of which they were capable, as fully as the supply of raw material would permit. Furthermore there was little or no pauperism, or any lack of the necessities or the luxuries of life. Judging by these things alone it might

have been said that the North had come out of the conflict more wealthy and prosperous than it was when the first shot was fired at Fort Sumter. Nevertheless all these were surface indications and highly deceptive. As in the South, an immense number of people had been withdrawn from the great body of producers and had become contributors to waste, units in that which is the most prodigal of all consumers, an army, which is also the creator of no wealth. The government made trade good, by becoming an eager competitor for all that the diminished industrial corps could produce, and — by means of prodigiously augmented pay-rolls, military and civil — furnishing the means of support to those who no longer devoted their labor to enterprises productive of actual wealth. The government itself obtained means by enormously increased taxation and by borrowing. It exacted from those who were still engaged in industrial or commercial enterprises a great proportion of their earnings. It piled up a vast sum of indebtedness, a considerable portion of it a forced loan in the form of irredeemable currency, which aggravated the evil by masking it. A few years later the real condition of the country became apparent when a financial convulsion took place. It was the fashion, after the panic of 1873, either to maintain that the calamity was without a rational cause, or to ascribe it to events and conditions subsequent to the war. A truer and more philosophical view of it is that it was a direct, though long postponed, consequence of the waste and impoverishment of the war period itself. That it had, at any rate, a true cause is proved by the fact that six long years of recuperation were necessary before the nation had repaired its losses and resumed its interrupted prosperity.

We have seen that during the war era the policy of Congress was to tax everything, and to tax it up to the highest point that could be endured. Both in the department of customs duties and in that of internal revenue the

rates were fixed with little attempt at a scientific adjustment of each to the others. A bungling effort was made to compensate for heavy excise taxes by levying heavier impost on foreign articles of the same class, in order not to offer a bounty to alien competitors for the American market. In many cases the tariff rates were grotesquely disproportionate to the internal duties, now vastly too high, and again much too low, to offset the taxes imposed on the domestic product and on its producer. In the bustle and hurry of the war, and in the frantic reaching out after new ways of obtaining funds to prosecute it, such errors were natural and excusable. But when the war had ceased, and when the revenue yielded by the all-embracing system of taxation was more than sufficient to meet current expenditures, it became the clear duty of Congress to revise the whole taxing system. There was an opportunity to establish a broad, comprehensive, and far-seeing policy; but the American governmental system did not allow that to be done. In such circumstances, in a government conducted by a wise, responsible ministry, it would have been determined first of all whether it was expedient to begin at once the extinguishment of the public debt, at what rate it should be paid, and over how long a period the process should be spread; or whether the people should be relieved of all save the most necessary burdens until the waste of war should be repaired. That first question settled, the expenditures of government would have been adjusted to the needs of an economical administration, and the tax laws framed so as to yield no more than the revenue found to be necessary, and at the same time so as to equalize burdens and to lay them where they could best be borne. In short, the whole scheme would have been made self-consistent, and laid before the legislature to be accepted or rejected as an entirety.

Nothing of this sort was done by or for Congress. The fundamental question, the determination of a policy with

respect to the payment of the public debt, was much discussed, but no effective resolution was taken upon it. The policy that was followed was merely the haphazard result of equally haphazard action, on no consistent plan, with reference either to revenue or to expenditure. There was no leader to devise a comprehensive policy who was also strong enough to carry it through Congress.

To descend to particulars, the debt of the United States on the 1st of August, 1865, amounted to $2,756,431,471. The obligations were heterogeneous in character, proclaiming by their very variety the lack of system in congressional legislation and the frequent changes in the personnel of Treasury administration. There were five-twenty bonds at six per cent., ten-forty bonds at five per cent., currency bonds at seven and three tenths per cent., one- and two-year notes, compound interest notes, plain legal tender notes, and fractional currency. To meet the interest on these obligations and to support the army in the field Congress availed itself of almost every known means of taxation and exhausted the ingenuity of its own statesmen in devising new ways of exacting tribute. No one escaped; for duty was laid on occupations, on incomes, on personal possessions; on articles of merchandise, on the manufacture of them, on the sale of them, on the transportation of them from place to place. Some goods were taxed but once; many others had paid duty half a dozen times before they reached the consumer, who, happily, was not obliged to suffer taxation upon the consumption of them. The usually accepted estimate of the gross value of the annual production of the country at that time is ten thousand million dollars. It follows that the national debt at the close of the war was more than one fourth of the total earnings of the people for a year. The yield of customs duties during the year ended June 30, 1866, was $179,046,652; of internal revenue $309,226,813, the sum of which is close upon five per cent. of the gross

annual earnings of the whole population, and an average of fully fourteen dollars taxation upon every man, woman, and child, North and South.

So large a revenue ceased to be necessary at the close of the war. Indeed, Congress did not wait for the end of the conflict to initiate measures for a revision of the tax system. By the act of March 3, 1865, it authorized the appointment of three commissioners to consider the whole subject, and to propose laws unifying the scheme. Under this law Messrs. David A. Wells, Stephen Colwell, and S. S. Hayes were designated; they entered upon their duties in June, and their general report is dated January 29, 1866.[1] By a subsequent act a single commissioner of the revenue was provided for, and Mr. Wells served in that capacity until the office was abolished.

Although there was no real change in the financial situation subsequent to that which took place when the armies were withdrawn from the field, the public temper with respect to fiscal legislation was quite different at the end of 1865, when the Thirty-ninth Congress met for the first time, from that which prevailed a few months before. Already the debt had begun to melt away before the great stream of war revenue. The people were greatly encouraged by the continued activity of trade, and the prosperous feeling was intensified by the renewal of the supplies of cotton and other raw material of which there had been a prolonged scarcity. The popular sentiment was evidently in favor of a large reduction of the internal taxes which pressed hardly upon all classes, and of a return to the old practice of relying chiefly upon the duty on imports. There was a plausible reason for such a policy in the fact that the interest obligations of the government were payable in coin, and amounted to a large sum, and that the duties were collected in hard cash. It seemed natural, therefore, to leave the tariff unchanged

[1] Executive Document no. 34, Thirty-ninth Congress, first session.

save for a readjustment of the schedules, and to cut down the excise to a point where it would cover no more than the ordinary expenses of government. The Committee of Ways and Means accordingly, following largely the recommendations of the revenue commission, reported two bills, one of which made a large reduction of internal revenue, and the other revised, and in many respects considerably increased the tariff on imported goods. The first of these bills was passed and became a law by the approval of President Johnson on July 13, 1866. With its provisions it is not necessary for us to deal further than to say that under its operation the internal revenue receipts fell off forty-three millions in the year 1866–67, and seventy-five millions more in 1867–68.

The tariff bill was not reported by Mr. Morrill, of Vermont, chairman of the Committee of Ways and Means, until June 25. The discussion of it began three days later. Mr. Morrill opened the debate with an exposition of the reasons for revising the tariff. The only general reason he gave was that the heavy internal taxes which were necessary could not be paid unless trade and manufactures were prosperous; and that in order to afford them an opportunity to exist at all the tariff duties must be adjusted so as to relieve them from the pressure of foreign competition. Of special reasons he gave many, "one of the most cogent" of which was "the insufficient rates now levied on foreign wools." Mr. Morrill evidently believed that they were insufficient, notwithstanding his remark, in which a querulous note may be detected, that "the evils endured by wool growers somehow never disappear, let the laws take what shape they may."[1] Mr. Morrill proceeded to give an account of the way in which the rates fixed by the bill for wool and woollens had been arrived at; and inasmuch as the tariff measure which was

[1] "Congressional Globe," Thirty-ninth Congress, first session, part iv. p. 3466.

passed by this Congress had reference to wool and woollens only, since, moreover, the passage of the act of 1867 marked an important era in the whole tariff discussion, it will be well to quote in full his words on this point, and to follow them with another account from an authority of equal weight. Having set forth the manner in which importers were able to get wool through the custom houses at rates of duty much below those contemplated by the tariff laws, he said: —

> Last fall and winter the wool growers, through their various agricultural societies and other State and national organizations, got together for the first time and discussed the subject of wool growing in its relation to rival foreign interests. The wool manufacturers also met with them in joint convention. After months of patient toil and critical examination they presented to us in April last the fruits of their joint labor so far as it relates to the duties upon wool. The proposition as it relates to woollens came along considerably later. A mutual agreement was arrived at, and upon a basis fair and equitable, of parties that had never agreed before. I think their work does honor to those who conceived and have so far successfully matured these several propositions.[1]

Mr. Morrill proceeded to state that the duties upon wool were much increased in the bill under consideration, and that the provisions of the bill, in its classification of wool, afforded ample security against evasion of duty; that the duties upon woollens were so adjusted as to cover the duties which manufacturers must pay upon wool and dyestuffs, and to give them an additional protection of twenty-five per cent.; and that after these changes in the law the position of manufacturers would be no better than it was under existing circumstances.

Let us now read the confirmatory words of Mr. John L. Hayes, the first secretary of the National Association of

[1] "Congressional Globe," Thirty-ninth Congress, first session, part iv. p. 3466.

Wool Manufacturers. That association was formed in 1864. In November, 1865, Mr. Colwell, of the revenue commission, asked for information relative to the position and necessities of the woollen interest, and suggested consultation and coöperation with the representatives of the wool growers.[1] This led to a joint convention in Syracuse, in December. The manufacturers seem to have gone into the conference with an idea that the wool growers would not ask an increase of the tariff on wool. They were quickly undeceived. "Early in the conference it was demonstrated to your committee that their assent to the imposition of increased duties on wool would be an indispensable condition of any arrangement with the wool growers." They proposed a "moderate" increase of twenty-five per cent., which was "peremptorily declined." The wool growers submitted a counter-proposition that all foreign wools competing with American should pay a specific duty of not less than ten cents a pound and a further ad valorem duty of ten per cent., making an actual minimum duty of nearly twelve cents. "To this," writes Mr. Hayes, "your committee replied that no such proposition could be considered for a moment, except upon the basis that a corresponding specific duty should be given at the same time to the manufacturer; and that the responsibility of this great increase of duty upon manufactured goods must be borne by the wool growers for whose benefit this increase would be required."

Ultimately an agreement was reached. The wool growers moderated their demands slightly; the manufacturers asked for a rate of duty that cannot be regarded as in itself excessive. It was rendered so in appearance by their insisting — as they properly did — that whatever duty was granted to wool should be fully compensated to them before the duty upon their woven goods should be

[1] Second Annual Report of the Association, 1866, from which, and the third report, 1867, much of the following account is drawn.

reckoned as any part of the protection given to them. Mr. Hayes felicitated the association upon having "obtained from the wool growers of the country the recognition of a principle which should render the manufacturer at all times independent of the duties on wool; which should place him practically in the same position as if he had his wool free of duty; and which should finally dispose of all questions between the two interests, and establish a truly American policy in a national legislation respecting the woollen interest as a whole."

It is easy to find objections to all this, — to criticise it as an alliance of two bodies of men each seeking their own selfish ends, and agreeing upon a division of the spoil which they expected Congress to give them permission to take from the people. Those who find no merit in the protective system, who discover in it nothing but public robbery, will see in the alliance only a partnership of freebooters. But the men who made the agreement were honorable and high-minded, as were those others, in Congress and out of it, who promoted the measure. Nor had they any idea that they were doing wrong. In the debates in Congress the action of the two bodies was frequently declared to be praiseworthy.[1] It was universally conceded that the enormous importation of woollen goods caused a drain of specie from the country and hampered the government in its measures for the reform of the currency and the resumption of specie payments. Consequently, aside from any question of protecting agriculture and manufactures, it was a patriotic duty to promote the wool growing and the wool manufacturing interests, in order to avoid the necessity of such importations.

[1] Mr. Hayes in his third annual report [p. 1, note] acknowledges the services of Mr. David A. Wells, who, although strongly opposed, on grounds of expediency, to the tariff arrangement, "earnestly exerted himself with the Secretary of the Treasury, to prevent the decided purpose of Congress from being defeated by the presidential veto."

So far as the manufacturers were concerned there were special reasons for regarding them as entitled to consideration. The cessation of the cotton supply during the war caused an extensive substitution of wool for that fibre in the manufacture of clothing, and the consumption of woollen fabrics was still further augmented by the use of them by the army. An enlargement of old factories and the erection of new ones was thus directly encouraged by circumstances over which manufacturers had no control. Nevertheless, the profits which they might have derived from an expansion of their industry had been so heavily taxed by the government that they had received but little benefit during the war; and the cessation of hostilities and the restoration of the supply of cotton, placed them in a most unfortunate position. Their market was largely diminished, and the decline of the premium on gold, operating practically as a reduction of the tariff, caused an increase in the importation of foreign goods.

It is plausible to assert that the woollen industry was "established," and was therefore entitled to no consideration even as an "infant manufacture." It was established only in the sense that the factories and machinery were in existence, and that they could be operated at a profit in circumstances that prevailed no longer. The manufacturers sincerely believed that they were asking not for bounty but for justice; and their claim was conceded not only by men who were both politically and economically committed to the theory of protection, but by all who were not radically attached to the principles of absolute free trade.

The general tariff bill of the session of 1865–66 did not become a law. As has been stated, the debate upon it began in the House of Representatives on June 28; it was passed by that body, by a vote of 97 to 52, on July 10. In the intervening fortnight it was almost constantly under discussion. The debate, which was participated in

by nearly seventy members, covers more than a hundred of the broad pages of the "Congressional Globe." On being laid before the Senate on July 12, reference to the Committee on Finance was moved. A hostile amendment, directing the committee not to report it until the next session, was supported by several senators friendly to the principle of the bill, on the reasonable grounds that the session was too far advanced, the measure too important, and the weather too warm, to permit a proper consideration of the bill. The motion was carried by a vote of 23 to 17. In the brief but spirited debate which preceded this vote there was a strong manifestation of opposition to protection on the part of Western Republicans. This sentiment had already appeared unmistakably in the House, but it was much more pronounced in the Senate.

The further history of the bill may be told briefly. It was reported at the beginning of the second session, with a great number of amendments, was debated at even greater length than in the House at the preceding session, having been before the Senate for the greater part of every daily session from January 21 until it was passed, by a vote of 27 to 10, after midnight on the morning of February 1, 1867. At that time but little more than a month of the session remained. Under the rules of the House the bill was referred to the Committee of the Whole. In the pressure of other matter, among which the consideration of appropriation bills was most imperative, it was impossible to dispose of all the Senate amendments within the time left to Congress, unless a short cut could be found to decisive action. There seems to have been a lack of parliamentary strategy on the part of Mr. Morrill, who had the bill in charge. Having ascertained that he had a good majority at his back, and having no difficulty in obtaining a vote of the House to close debate in Committee of the Whole, he might have procured an agreement to the substitute for the whole Senate bill,

which he had prepared. He once presented the substitute, but withdrew it, and kept the House at work during a whole week discussing and disposing of separate amendments. At last, on the 28th of February, four days only before final adjournment, he was obliged to ask for a two-thirds vote to suspend the rules and discharge the Committee of the Whole from the further consideration of the bill. The two thirds was not forthcoming, for the vote on the motion — which was, in fact, made by Thaddeus Stevens — was ayes 102, noes 69. This vote sealed the fate of the bill, and it was dropped. Had Mr. Morrill obtained the adoption of his substitute the bill would have been thrown into conference and a compromise might have been effected. By faulty tactics a strong majority in both houses of Congress in favor of a new general tariff lost the opportunity to carry its wishes into effect.

There was urgent need of a revision of tariff rates. Not only in the woollen industry, which fared better ultimately than any other, but in many trades, the existing laws worked great hardship. Mr. Wells, as special commissioner of the revenue, cites some of them in his report for 1867.[1] For example, American publishers could send a manuscript to England, have a book printed and bound there, import the edition and pay a duty thereon of twenty-five per cent. in gold, cheaper than they could buy paper and have the same work done in the United States by American mechanics. It is the fashion, in these later days, to express indignation at the assurance of manufacturers, who had made enormous profits during the war, in demanding that the tariff laws be amended to save their industries. In fact, the profits were often gains rather from mercantile than from manufacturing transactions. Mr. Wells, to illustrate this, cites[2] "the case of a single manufacturing corporation in New England in which it

[1] Executive Document no. 2, Thirty-ninth Congress, second session.
[2] Page 21.

was proved to his satisfaction that if the corporation in question had at the commencement of the war burnt their mills, lost their insurance, and sunk their capital other than what was then invested in cotton, and had subsequently sold their cotton at the highest prices obtainable, in place of manufacturing it, the result would have afforded the stockholders a permanent annuity of at least twelve per cent. on their original investment."

The debate upon the lost tariff bill of the Thirty-ninth Congress contains many passages of great interest. It is not practicable to quote them. But it may be said that there is throughout the discussion the evidence that the protective system was becoming decidedly unpopular in those parts of the West that were not distinctively wool growing regions. This sentiment was destined to increase and to give the Republican party ground for no little anxiety, until the policy was adopted of making the tariff especially protective of agricultural interests. But if we do not summarize the debates of 1866 and 1867, we may at least divert ourselves with one or two brief passages.

Mr. Thaddeus Stevens did not think that Mr. Morrill's bill gave a sufficiently high duty on iron. He therefore took the earliest opportunity to burst out in denunciation of it. "I look upon this bill," he declared, "as a free trade bill from beginning to end. It is anything but protective." There is no evidence that the House smiled at this remark; but a day or two later Mr. Le Blond, of Ohio, a Democratic member, referred to it. "The distinguished gentleman from Pennsylvania even denounces this as a free trade bill. Great God! If he calls this a free trade bill I would like to know what he would call a protective bill."

A tariff debate is rarely productive of even unconscious humor, but in that class must be put a short speech by Mr. Frederick A. Pike, of Maine, who introduced in the House an amendment with reference to the duty on coffee,

for purposes of protection. "It is well understood," he remarked, "that there are many very worthy manufacturers of coffee in this country; they make it of chiccory, beans, pease, rye, wheat, dandelion root, and many other things. So there is a reason for retaining a small duty on coffee in order to protect that worthy class of our manufacturers."

Although the general tariff bill failed, those who were interested in wool and woollens were destined to have their wishes for a better schedule of rates satisfied. The history of the Wool and Woollens Act of 1867 vies in dramatic interest with the "bill of abominations" in 1828 and the Clay compromise of 1833. On the 23d of July, 1866, after the Senate had postponed until the next session the tariff bill upon which the House had spent so much time and labor, Judge Bingham, of Ohio, introduced in the House a bill "to provide increased revenue from imported wool, and for other purposes." Mr. Hayes, in his second annual report to the Wool Manufacturers' Association, refers to the introduction of this bill as "a demonstration which threatened no little injury to our interests." The measure, he explained, followed closely the sections of the general tariff bill relating to wool and woollens, save that it raised the ad valorem duty on wool from ten to eleven per cent., and reduced some of the rates on manufactured goods — that on certain varieties of carpet — to a ruinous extent. Mr. Hayes sought an interview with Judge Bingham, explained the disastrous effect of the bill, and secured from him a promise so to amend it as to restore the rates fixed in the House bill. Thereupon the manufacturers withdrew opposition to the Bingham bill. On the 27th of July the vote to refer the bill to the Committee of the Whole was reconsidered. Judge Bingham offered the amendments necessary to make the measure identical with the wool and woollens schedule of the general tariff bill, and after an explicit

statement of the identity, the House refused to order the yeas and nays on the passage of the bill, and it was passed, the tellers reporting seventy ayes; the noes were not counted. The bill went immediately to the Senate, but the next day, the 28th, was the last of the session, and the Senate refused to consider it at that time. Indeed, the opposition to it was led by Mr. Fessenden, of Maine, who was the manager of the tariff bill and the chairman of the Committee on Finance.

The pendency of this bill put the advocates of an improved tariff on woollens in a peculiar position. It was proved by the votes in the House that their interests and those of the wool growers were more strongly supported than any others which asked for additional protection. Yet they did not intend or wish to differentiate their own claims from those of other industries. They had had no hand in devising the Bingham bill; they had not promoted it; they had opposed it in its original form, and had merely withdrawn opposition when it had been amended to conform to the provisions of the bill which the House had already passed. They were anxious to relieve themselves of the odium of looking after their own interests and abandoning their companions in misfortune. The executive committee of the Manufacturers' Association accordingly recommended — and the association unanimously approved the committee's action — "that the Association should favor the passage of Mr. Bingham's bill, providing for wool and woollens alone, only in the event of the failure of the general tariff bill." [1]

This resolution was loyally observed. As has been shown, there seemed to be a good chance that the general tariff bill would be passed, in spite of the prolonged discussion; and the Bingham bill was not removed from its resting-place on the table of the Senate until the failure of the general tariff was placed beyond a peradventure. The

[1] Hayes's Report for 1866, p. 16.

bill was at last abandoned, five days before the end of the session, and of the Thirty-ninth Congress. Soon afterward a consultation took place between the representatives of the wool growers and of the wool manufacturers, which resulted in a determination to attempt a revival of the Bingham bill. The next morning, March 1,[1] a request in writing to that effect was presented to Senator Fessenden, chairman of the Senate Committee on Finance, in which special stress was laid upon the fact that the reimposition of duty upon Canadian wool in consequence of the abrogation of the reciprocity treaty threatened the worsted industry with absolute ruin.

The Committee on Finance agreed to report the bill, but it also voted to report amendments changing the wool and woollen duties to conform to those agreed upon by the Senate in its consideration of the general tariff bill. In the interval before the bill was actually reported it became known to Mr. Hayes that Mr. Speaker Colfax would decide, upon the bill being returned to the House, that any amendment increasing a rate of duty must be considered in Committee of the Whole, from which the bill could be withdrawn only by a two-thirds vote. In these circumstances an appeal was made to the Senators to withdraw the amendments and allow the bill to come to a vote precisely as it passed the House. They yielded to the appeal, but the end had not come. Mr. Sherman, of Ohio, withdrew, without any explanation, the amendments of the committee, whereupon Mr. Cattell, of Pennsylvania, offered an amendment increasing by twenty per cent. the duty on all imported merchandise except sugar, molasses, tea, coffee, salt, lumber, coal, dyewoods, soda ash, and bleaching-powder. It was already after midnight when this amendment was offered and the Senate adjourned without voting upon it.

[1] The date, March 2, prefaced to the note as printed in Mr. Hayes's Third Annual Report, p. 10, is evidently a mistake, since the bill was reported and discussed on March 1. (See "Congressional Globe," Thirty-ninth Congress, second session, pp. 1924, 1949, 1952.)

The matter came up again early on the following day. Mr. Sherman told the Senate that any amendment to the bill would defeat it, — a statement which was challenged by other senators, who nevertheless objected, on the point of order, to any explanation of the assertion. The friends of other industries than wool and woollens were naturally unwilling to lose the opportunity to further their own interests, and jealous of the favor about to be shown to a single class of enterprises. But the wool people were assisted to their victory by the opponents of any increase of duties. The Democrats and the Western anti-tariff men might have defeated the whole measure by supporting Mr. Cattell's amendment, but they all voted against it, excepting Mr. Buckalew, of Pennsylvania, and Reverdy Johnson, of Maryland. The supporters of the amendment were all Republicans, with these exceptions, and they included seven New England senators. The amendment was rejected, yeas 17, nays 28; and the bill was then passed, yeas 31, nays 12. Both of the Massachusetts senators voted against the bill, together with Mr. Sprague, of Rhode Island. Eight of the negative votes were given by Democrats.

The passage of the bill in concurrence with the House left but one act necessary to convert it into law, — the signature of President Andrew Johnson. Probably the only account extant of the final stage in the enactment of the bill is that contained in Mr. Hayes's Third Annual Report: —

There is reason to believe that powerful influences from the importing interest were brought to bear upon the President to prevent his signature. Three anxious hours were passed by the friends of the bill in waiting near the room in the Capitol where the President sat with his Cabinet, signing bills, during the last moments of the session. Hour after hour passed. Such earnest men as Delano and Bingham, from Ohio, were apprised of danger, and hurried from the House to the President's room. These influences, aided by the advice of the Secretary of the

Treasury and of the Attorney-General, a citizen of the leading wool growing State, Ohio, prevailed; and, at a moment before twelve by the President's watch, the bill received the President's signature.

Partial, and even unjustly discriminating in favor of one industry, as the act was, it was a great triumph for the protective principle. Events immediately subsequent seemed to forebode that it would be a victory dearly bought. But it laid the foundation for the broader application of the principle in later tariffs, wherein the adhesion to the policy on the part of the agricultural regions of the country was obtained by extending the benefits of the system in generous measure to the products of the soil.

Undoubtedly the most potent influence over American thought with reference to the tariff during the years immediately succeeding the passage of the Wool and Woollens Act of 1867, was exerted by Mr. David A. Wells. A brief reference to his work has been made already. He was chairman of the revenue commission appointed by authority of section 19 of the Internal Revenue Act of March 3, 1865, "to inquire and report at the earliest practicable moment upon the subject of raising, by taxation, such revenue as may be necessary in order to supply the wants of the government." The act was passed, it will be observed, while the Civil War was still in progress, and the object sought to be accomplished was to devise new sources of revenue. The appointment of the commission was not made until June, when the war was at an end. It is obvious that the commission was forced to take a different view of the duty to be performed from that which Congress had in mind when the act was passed. We have seen that the tariff bill of 1865–67 was one of the consequences of the report of the commission, although it differed materially from the measure recommended. The Internal Revenue Act of 1866 was a much closer reflection of the views of the commissioners. That act provided for the

appointment, by the Secretary of the Treasury, of a special commissioner of the revenue, whose duty it was to be "to inquire into all the sources of national revenue, and the best methods of collecting the revenue; the relations of foreign trade to domestic industry; the mutual adjustment of the systems of taxation by customs and excise, with the view of insuring the requisite revenue with the least disturbance or inconvenience to the progress of industry and the development of the resources of the country; and to inquire, from time to time, under the direction of the Secretary of the Treasury, into the manner in which officers charged with the administration and collection of the revenues perform their duties. And the said special commissioner of the revenue shall from time to time report, through the Secretary of the Treasury, to Congress, either in the form of a bill or otherwise, such modifications of the rates of taxation or of the methods of collecting the revenues, and such other facts pertaining to the trade, industry, commerce, or taxation of the country, as he may find, by actual observation of the operation of the law, to be conducive to the public interest."

This was a large commission, and it was accompanied by large powers, — those of examining the accounts of any officer of the revenue, of summoning witnesses and administering oaths. It was provided that the office was to terminate in four years, at the close of the fiscal year 1869–70. Under this law Mr. Wells was appointed special commissioner, and he held the office until it came to an end by the limitation just mentioned. Mr. Wells was a faithful, painstaking, conscientious officer, as well as a man of keen intelligence and of large ability. At the beginning of his service on the first revenue commission, he was a protectionist; when he completed his work as special commissioner he had become — the adverb is used in no offensive sense — violently anti-protectionist, and had made himself the leader of those whose aim was

free trade. It is interesting to study the change of his opinions as it is reflected in his annual reports. In 1868, he thought[1] "that a removal of all the internal taxes which materially impede production, with, possibly, some slight modifications of the tariff, will be followed by an immediate and great revival of domestic industry." In his report for 1869, we detect for the first time a note of opposition to the existing system, not so much of opposition to the principle of protection as of hostility to those features of it which seemed to him the abuses and excesses of protectionism. The report for 1870[2] is the work of one who rejects every article of the protectionist philosophy. Its argument, although mainly devoted to an exposition of the advantages of free raw materials, is the orthodox free trade argument. In its spirit it is an assault upon the selfishness of manufacturers who asked for protection and a plea for the interests — as Mr. Wells believed — of consumers as opposed to the interests of those engaged as employers in the protected industries. Mr. Wells refers twice in his fourth and last annual report,[3] to the circumstance that he had been suspected and accused of unworthy and corrupt motives in the change of his opinions. The charge, cruelly untrue as it was, may be regarded as not altogether inexcusable. The triumphant North regarded the Southern leaders and people as traitors. Its plans had been impeded during the four years after the war by the political aberrations of the President. The attempt to depose that officer, by the constitutional method of impeachment by the House of Representatives and trial by the Senate, had been defeated by the defection of several Republican senators. The air seemed to them full of treachery. When the protectionists

[1] Report, Executive Document no. 81, Fortieth Congress, first session, p. 30.

[2] Executive Document no. 27, Forty-first Congress, second session.

[3] Pages lxxi and cxxxi.

observed the unexpected and somewhat sudden change in the attitude of Mr. Wells, it was not unnatural that they should, in their ignorance of his true character, transfer to him some of their ever-ready suspicion. It is needless to say that the distrust of his motives was not lasting. No one, after the first outburst of anger and annoyance had passed, either then or subsequently has doubted his perfect sincerity and probity.

Nevertheless, his reports had, at the time they were written and published, and have had since, a reputation as classics upon the tariff question which they do not by any means deserve. That they are in bad taste, in that they are characterized by passionate partisanship and a controversial spirit unbecoming in a public officer, will be conceded by all save those who are unable to control their own temper when they are discussing the "robber tariff." In more than one passage Mr. Wells impugns the good faith or the intelligence of Congress, not in express terms, but by the use of words and phrases which imply ignorance or careléssness.[1] His tone is, in general, that of a superior person who is impatient at the mental obtuseness of those whom he addresses, — surely not the most effective way to persuade them to adopt his views. He enters into an argument on the woollens duty with a person whom he quotes but does not name, and demolishes him, with the aid of italics and small caps; and that seems an unfair advantage to take of a man who cannot reply through the medium of a public document.

These, however, are minor defects, and might easily be pardoned or overlooked, after the lapse of so many years, were the arguments contained in the reports sound and useful. To the present writer they seem to possess little value, because based upon a completely erroneous view of the cause of the evil for which the commissioner undertook to supply a remedy. An analysis of the report of

[1] See pages xxxvii, lxxv, and lxxxix, note, Report for 1870.

1870, which represents the opinions held by Mr. Wells when the time-limit of his office was reached, is necessary to furnish the grounds of this judgment. Like those which preceded it, the report opens with an optimistic survey of the material condition of the country. The elements which were taken into account as justifying his hopefulness were the same in all the reports, namely, (1) the excess of government revenue; (2) the strong tide of foreign immigration; (3) the excellence of the crops; (4) the rapid extension of the railway system; and (5) the industrial activity and the full employment of labor. But the reader of the report soon discovers that the commissioner distrusts his own portrayal of the material situation. He finds that there has been a "retardation of national development."[1] Taking the cases of Massachusetts and some other States he directs attention to the fact that their assessed valuation, measured in gold, did not increase between 1861 and 1868. He notes a "diversion and demoralization of industry;"[2] a "decrease in farm stock and animal products;"[3] a failure to utilize the national resources and advantages,[4] and other "agencies which disturb the equitable distribution of national wealth."[5] More people lived in one house, in Massachusetts, on an average, in 1868 than in 1861. Although the savings banks deposits in the same State increased nominally during the same period, the aggregate gold value of the deposits in 1868 was less than the deposits in 1861 plus 7 per cent. compound interest.

And so on. Mr. Wells fills page after page of his report with matter of this sort, all of it intended to show that the country was not doing nearly so well as it ought to do, and all preparatory to the argument that the evils were chiefly caused by an irredeemable currency and a system of impost which sometimes hampered and injured

[1] Page xxiii. [2] Page xxxi. [3] Page xxxii.
[4] Page xxxvi. [5] Page xlv.

the industries it was intended to protect and foster, which frequently rendered difficult or impossible the establishment of collateral industries, which always bore hardly upon the great body of consumers.

It is manifestly out of the question to examine Mr. Wells's argument in detail, and it would be unfair to do so without presenting his views in his own words. But it is not inappropriate to set forth another view which is so different from his that if it be the true view the very basis of his argument is removed. And in the first place we may say that each and every circumstance which he used to justify his preliminary assertion of prevailing prosperity was delusive and devoid of significance to the end proposed. The government revenue was excessive because it was devised with a view to meeting heavier expenditures than the government was required to make. Immigrants were coming to the country in great numbers; but that signified only that they believed the country to be prosperous and that they hoped to share in the prosperity. It cannot be taken as even corroborative evidence that the country was prosperous. The crops were good; but it needed a long succession of good harvests to make up the deficiencies of the war period; and some of the seasons after the war closed were lean rather than fat years. The fever for railway building might be, and, as events proved, was, a case of overinvestment. The roads were built, not from the surplus wealth of the builders and owners, but with the money of others borrowed at excessive rates of interest and represented by heavy issues of bonds. Finally, industrial activity was a necessity of the situation. So much had been wasted and destroyed during the war that recuperation and resupply were slowly accomplished. Let us remember that in such circumstances current wants must be first met, and afterward deficiencies may be made up. By bearing this constantly in mind we may see the explanation of

many facts for which Mr. Wells seeks a reason far away from the obvious cause. It explains the scarcity of iron,[1] the increased importation of lumber paying duty, after the expiration of the reciprocity treaty with Canada,[2] and other anomalies of trade which seemed to Mr. Wells direct consequences of an injudicious tariff.

In short the view here advanced is that Mr. Wells was wholly mistaken in thinking that the country was in a healthy condition, and that the real situation was that depicted in the opening paragraphs of this chapter. Every circumstance which he dwells upon so minutely as evidence of retardation of national development is reasonably and sufficiently explained upon the same basis. Mr. Wells was not unaware of the immense cost of the war; he enters into an elaborate calculation[3] of the amount and estimates the "destruction of wealth, or diversion of industry which would have produced wealth" at nine thousand million dollars — "a sum nominally in excess of the entire increase of wealth, as returned by the census, for the whole country from 1850 to 1860." Yet although Mr. Wells perceived this immense loss and made as painstaking an estimate of its amount as has ever been made, he failed to appreciate the full consequences of it. Destroy ten years' savings of a prudent man, and you make him poor — not necessarily a pauper. He may pay his taxes regularly; he may have good crops, if he is a farmer; he may be fully employed, if he is a mechanic or laboring man; he may be making improvements upon his estate, which he really cannot afford to make (railroads), with an eye to the future; neighbors may be moving in and occupying land near him (immigration); and yet he may feel that he is recovering but slowly from his great loss. The acquired wealth of a man or of a nation should properly be divided into two parts: the first, the means and investments which enable the man or the community to

[1] Page lxxxv. [2] Page lxxxix. [3] Pages iv–vi.

obtain a livelihood from day to day; the second the surplus, made up of factories, or arable land, or stores of merchandise, or railway shares, or savings bank deposits, or any other form of property or the evidence of it, which represents an excess of earning over spending. It is the magnitude of the excess which indicates prosperity or adversity, which makes the possessor feel rich or poor. That is to say, it is always the accumulated margin which is augmented when one grows suddenly rich; it is the margin which is depleted in a time of sudden loss.

Apply these facts to some of those referred to by Mr. Wells as indicating error in his preliminary optimistic sketch of the condition of the country. The savings bank deposits of Massachusetts increased between 1861 and 1869 only from $45,000,000 gold to $95,000,000 currency, or $71,000,000 gold value;[1] those of New York from $67,000,000 to $127,000,000, both sums at gold value. Could it be expected that in circumstances which withdrew a great proportion of the men from employments that added to the common wealth of the community, and gave them the wages of soldiers, and which drew from the earnings of the people, by any system of taxation whatever, twice as large contributions to the support of government as were sufficient in time of peace — could it be expected that the aggregate savings of the community would show an increase?[2] The loss entailed by the war is also amply sufficient to account for the slightly smaller ratio of houses to persons in Massachusetts, and for the fact that the assessed valuation in New York, Pennsylvania, Ohio, and Indiana, measured in gold, decreased somewhat from 1861 to 1868.

[1] Gold at 133.

[2] Mr. Wells overlooked, in that part of his argument devoted to the savings bank deposits, the fact that the popular seven-thirty loan induced thousands of people to withdraw money from the banks and invest in government securities, a movement which greatly impairs if it does not wholly destroy the value of any inference from the aggregate of such deposits.

It may be urged that, however erroneous Mr. Wells's judgment as to the causes of evils which are here admitted to have been even greater than he represented them to be, his mistake does not impair the value of his suggestions of measures to ameliorate the situation. There is a certain degree of truth and force in the contention. There would be more force in it if Mr. Wells had been less specific in his attribution of particular industrial failures to particular errors, as he conceived them, in the tariff. For example, he holds the tariff on pig iron mainly, if not entirely, responsible for the failure to add 450,000 tons annually to the construction of iron ships.[1] Experience shows that there have been and still are many other causes than the high price of iron for the non-participation of the United States in ocean commerce. No doubt Mr. Wells was similarly overconfident when he asserted[2] "that the excessive cost of iron is now the principal reason why such vessels (iron canal-boats for the Erie Canal) are not constructed." It is not intended here to deny that some of the criticisms which he made upon the tariff were well grounded. It is, of course, true that duties which protect one industry may injure, even ruin, another. Mr. Wells, having persuaded himself, in all sincerity, that the tariff was the great evil in our fiscal system and the chief obstacle to instant prosperity, reversed his microscope when he examined the "protected" industries. They seemed to him, thus brought into view, of insignificant importance; but when he again used the magnifying power of the instrument its field was far too small for a

[1] "So we may estimate that this protection to the manufacture of pig iron by 12,500 men directly, or 52,500 both directly and indirectly, in 1867, so enhanced the cost of iron as to deprive more than 40,000 other workmen of employment during that same year, in connection with the single industry of the building, equipment, and sailing of sea-going vessels; to say nothing of the construction of vessels for use upon our inland waters." Page lxxxiv.

[2] Page lxxxii.

full view of the possibilities of the future, were the tariff subjected to the radical reform which he proposed.

The real remedies for the loss by war were industry and patience. A false view of the situation, blindness to the real condition, and a line of conduct suited only to a state of abounding prosperity, produced their legitimate results a few years later. The people were forced to accommodate themselves to their actual income, to practise the habits of economy they should have adopted long before, and to accumulate slowly and painfully the surplus which had disappeared without their knowledge, by being transferred to the government and by it consumed. They owned the evidences of the debt, but they forgot that it was a debt that one pocket owed to the other, and that the articles for which it was paid out had been totally destroyed.

It will be well to present some positive evidence that the tariff was not the sole cause nor even the chief cause of the industrial and mercantile mischances chiefly relied upon by Mr. Wells to sustain his thesis. We cannot examine them in detail; but they may be grasped and treated as a whole. He found that the farmer was at a great disadvantage, that the foreign market for his wheat was restricted by the operation of the tariff. Although the tariff policy has remained unchanged, the exportation of wheat has increased from thirty million bushels in 1869 to an annual average of four or five times that amount. He assigned the tariff on hides and skins as "the only obstacle to the revival of the export of leather and its manufactures from the United States at the present time." [1] Hides and skins were not made free until 1883, when the exportation of leather had grown to a value of about eight million dollars a year; and although the duty on hides has since been reimposed, the annual exportation of leather regularly exceeds twenty million dollars in

[1] Page lxxix.

value. The history of the iron industry need not be repeated. Under no relaxation of a policy at all times fully protective of every branch of the manufacture, the United States has taken the lead as a producer and consumer of iron, and is to-day competing successfully with countries where free trade has all the time prevailed in every department of the manufacture of iron and steel. Mr. Wells, like other critics of the protective policy, makes much of the salt duty. He found that the price in 1860 was from 20 to 23 cents a bushel in gold, and in 1868 it was 48 cents in currency. The duty was reduced ten to twelve cents a bushel in 1872, and the price declined from 48 cents a bushel in 1870 to 23 cents [1] in 1883. Bituminous coal, another article the duty on which Mr. Wells recommended should be totally abrogated as an obstacle to manufacturing in New England, declined in price from $7 a ton in 1870 to $4.65 [2] in 1883, the only reduction in duty having been one of fifty cents a ton in 1872.

These are all the cases, save two, regarding which Mr. Wells argued earnestly for a radical revision of tariff rates. They have all contradicted his diagnosis or falsified his prediction. It is admitted that the tariff did not in every instance, perhaps not in the most of them, cause the growth in the industry or the reduction in price here noted. But that is not the question. The point is that if the tariff was at all an obstacle it was not one which was not readily overcome — that it was not such an obstruction to progress as Mr. Wells fancied and represented it to be.

The two exceptions are lumber and wool and woollens. With reference to lumber, he is a wise man who can explain the course of prices in the past or forecast the future. Lumber is not an article the production of which can be

[1] See "Senate Finance Committee's Report on Prices and Wages," Report no. 1394, Fifty-second Congress, second session, vol. ii. p. 100.

[2] *Ibid.* p. 178.

hurried or increased indefinitely. But the Wool and Woollens Act of 1867 was designed expressly to make possible the production at a profit of goods from the wool fibre. It did not effect that object, nor did it accomplish that which was equally its object, the growing of wool at a profit. On the contrary, wool declined in price and the manufacture of wool was greatly depressed. It has been held, all through the tariff controversies of a century, that the protective policy was to nothing more clearly applicable than to the manufacture of the material of clothing. Nevertheless, it is not possible to doubt that the price of woollen and worsted goods must be enhanced so long as a duty is laid upon wools which are not produced in this country and which are yet necessary for mixing with the domestic wool. This is but to state a fact, and not to pronounce a judgment upon the expediency of the system. It is a consequence of the enhanced price that the consumption of woollen goods has never had, and cannot have, an expansion like that which has taken place in cotton, in sugar, in iron, and in many other articles. Wool and woollens are always the strongest arguments of the free trader, and the most difficult to answer. While so much is conceded it is only fair to say that there did exist in the years 1866–70 a special cause for the depression of the woollen industry which was reflected inevitably upon wool growing. During the years 1866–71 the quartermaster-general of the army sold an immense amount of military clothing left on hand at the close of the Civil War. The competition of the government in disposing of more than two million overcoats, nearly a million blankets, and more than two and a half million articles of clothing, was enough to demoralize the market. For again we must remember that it is the surplus that is to be considered. The government sold but a fraction of the amount of goods needed by the country, but those goods competed with the whole supply.

Mr. Wells's reports made him the prophet and the leader in "tariff reform." A new generation of public men was coming upon the stage. The opponents of the dominant party were eager for an issue that would induce forgetfulness of those on which they had been defeated and that would draw recruits to their standard. A great opportunity was given to them. Neither they nor those who upheld the existing tariff policy perceived, any more than did Mr. Wells himself, that the diseased spots which he pointed out were not merely local and special, but deep-seated manifestations of a general condition of the body politic which presented for the most part a picture of perfect health. They were therefore not able to answer him effectively; and the dogmas of free trade, which were becoming popular in the northwest, made great progress.

An attempt was made during the second session[1] of the Fortieth Congress to pass a general tariff bill substantially like that which failed in 1867. It was reported in the House by the Committee of Ways and Means on July 1, 1868. A debate upon it began on the 13th of the same month. On the 18th it was postponed until December, and was especially assigned for consideration at the beginning of the third session. After the adoption of the motion to postpone, Mr. James Brooks, of New York, exclaimed, "The tariff bill is dead." And so it was; for although it was taken up on December 15, and a debate upon the copper duties took place in Committee of the Whole upon that day, it was never heard of again.

Revenue matters were considered at great length by the Forty-first Congress, at its second session.[2] In this case

[1] The Fortieth Congress held its first session in March, 1867, immediately after the close of the Thirty-ninth Congress, and the session continued, with several intermissions, until the time for the beginning of the second session, in December, 1867.

[2] Which also began at the time now fixed by law for the first meeting of a Congress, namely in December of the year after that in which Representatives are chosen.

the tariff bill was taken first, although it was well understood that the internal taxes would be reduced, and it was a question whether Congress could be persuaded to pass a tariff measure. The administration of President Johnson had come to an end, that of General Grant had begun, and the Republicans were in full control, with an ample margin of strength, of all branches of the government. Yet Republican and Protectionist were no longer convertible terms. There was a strong contingent of members of both branches of Congress, chiefly but not altogether Western members, whose support was not available for any increase of protection, nor even for an improvement of the tariff unless the improvement took the form of a reduction. Most of them protested that they were not free traders, and it is simple justice to them to believe that they were not. Perhaps the most conspicuous example of the class of members under consideration was Mr. Allison, of Iowa, then a member of the House, and since that time for almost a generation a senator. On nearly every tariff question that arose they voted against high duties, in company with the whole body of Democrats. They were certainly not in line with their party. Perhaps it would be truthful to characterize them as extremely moderate protectionists, who were convinced that the policy had already been carried too far. It was never claimed by them or for them that their course was dictated by a wish to save the system from destruction and overthrow by preventing its radical adherents from going to extremes. They were never deemed friends of protection in the sense in which Henry Clay played that part in 1833. Nevertheless there is no doubt that they did in a measure avert that danger. They restrained their party in 1870; to a certain extent they prevented the success of radicalism in either direction; when the question came up in a new form and in changed circumstances, a goodly number of them showed that their protestations of faithfulness to the protectionist principles were sincere.

The bill was reported on February 1, 1870, by General Schenck, chairman of the Committee of Ways and Means. It was a measure widely different from either of the two general tariff bills submitted to the House of Representatives subsequent to the Civil War. It affected a comparatively small number of classes of merchandise; reduced duties upon some important articles, as tea, coffee, sugar, and iron; and made substantial additions to the free list. The objection to it on the part of the "revenue reformers" was that it did not go far enough, not that the changes proposed were in the wrong direction. They offered innumerable amendments which were almost uniformly rejected, but in the end only a few of them voted against the bill as a whole.

It is not necessary to review in detail the history of the act of 1870. The debate upon it in the House of Representatives began early in March. From the 16th of that month until the 1st of April, on almost every day that the House was in session, the members listened — or did not listen — to a series of set speeches on the broad questions of tariff policy. Those speeches occupy more than ninety pages of the "Congressional Globe," beside a score or two more pages in the Appendix of the same voluminous record. On April 1st the reading of the bill by paragraphs for amendment began; and this consideration of the measure also was of portentous length, for it had not been completed, although continued from day to day, with few interruptions, until the 16th of May, when General Schenck, wearied with the long and fruitless discussion, secured the adoption of a resolution which would enable the Committee of the Whole to make more rapid progress. But no use was made of the privilege, for the bill was not again considered. On the 4th of June General Schenck moved the first section of the bill as an addition to the internal revenue bill; and after fierce opposition and filibustering on the part of the Democrats the motion was

carried. Other sections were added to the tax bill in the same way, and the combined measure was passed by the House on the 6th of June by a vote of yeas 153, nays 55.

Little interest attaches to the progress of the bill through the Senate. The tariff discussion was somewhat protracted, but contained little that had not been said already in the House. The bill was passed on the 5th of July, by a vote of yeas 43, nays 6. The details of disagreement between the two Houses were considered by a committee of conference, the report of the committee was accepted, and the bill was signed by the President on July 14, 1870. The tariff features of the act have already been summarized briefly. The duty on tea was cut down from twenty-five cents per pound to fifteen cents; on coffee from five cents to three cents; on sugar of the lowest grade from three cents to one and three quarter cents. The duties on spices were greatly reduced. The rate on pig iron was reduced from nine dollars per ton to seven dollars. These were the most important changes, save the additions to the free list which numbered one hundred and thirty articles, including such materials for manufacture as india-rubber, ivory, unmanufactured lumber, rags of all kinds for paper-making, and others of less importance, besides fresh fish, eggs, and many kinds of food and many drugs. The remissions of duty, it will be seen, were such as to take the taxes from the breakfast table, and also to provide some of the manufacturers who had been heavily oppressed by taxes with more raw materials.

Influences which have already been specified were causing an expansion of trade at the time the act of 1870 was passed, and trade continued to expand. There is no reason to believe that the slight changes of duty upon manufactured goods, or the remission of duty upon raw material, or the reduction of internal taxation, exerted any influence upon the movement, — either a causative or an accelerative effect. The spirit of speculation, the comfortable

feeling of prosperity when prices are advancing, when new and promising enterprises are attracting investment more rapidly than real wealth is increasing, when, in short, the evidence of gain is found in prices rather than in quantities, led to an augmented consumption of luxuries both foreign and domestic. Yet all the concomitants of "good times" were, as they always are, only separate manifestations of overinvestment and reckless expenditure, and the sure precursors of the terrible catastrophe that was to occur in 1873. An examination in detail of the character of the importation of foreign goods in the years 1870, 1871, and 1872, shows that the increase was fairly evenly distributed through the list. There is a certain preponderance of articles of luxury, but little difference is observable as between protected and non-protected classes of merchandise. The total importations were valued at $435,958,408 in the fiscal year 1869–70;[1] at $520,223,684 in 1870–71; at $626,595,077 in 1871–72. The value of woollen dress-goods and of worsted cloths imported in the three years respectively was 24½ millions, 30¾ millions, and 37 millions. As contrasted with these wool manufactures, which were highly protected, we may mention the imports of silk piece-goods and ribbons, the manufacture of which then hardly existed in the country, which stood at 20½, 26, and 28 millions in the three years. Of five important classes of cotton goods, the imports were 11, 13, and 15½ millions; of pig iron, 2½, 3¼, and 4¾ millions; of raw wool, 5½, 7¾, and 19 millions respectively. The high duties had no apparent effect in checking trade.

The revenue from customs was necessarily increased largely. The aggregate receipts into the Treasury from this source were $194,538,374 in 1869–70; $206,270,408 in 1870–71; and $216,370,287 in 1871–72. This circumstance increased the urgency of those who were demanding a reduction of the duties. The partial subsidence of

[1] The act of 1870 took effect at the beginning of the calendar year, 1871.

agitation upon the perplexing questions that had to be decided after the close of the war left the public mind free to take up with new or postponed problems. It would lead us too far were we to study as they deserved the conditions and influences that brought about what was known as the Liberal Republican movement of 1872. Yet, as the beginning, the progress, and the ultimate failure of that movement had a most important effect in putting off for eight years even a serious attempt at a full revision of the tariff, and the revision itself for eleven years, those events must be briefly reviewed. Causes of dissatisfaction with the first administration of President Grant were numerous. "Let us have peace" was the keynote of his inaugural address, but the legislation of Congress gave the Southern people constant occasion to protest that they were treated as conquered enemies and not as citizens of a restored Union. Whether a policy which disregarded the facts that they had been in arms against the government, and that they were unsubdued in spirit, would have mollified the situation, is not a question to be discussed here. We are simply to take account of the "unreconstructed" attitude of substantially the whole of the white population of the South, and of their almost unanimous adhesion to the Democratic party. That party in the Northern States invariably sided with the South in opposition to every measure devised by the Republicans to "secure the results of the war." A sentiment, whether of pity or of justice it is needless to inquire, inspired many men who had been stanch Republicans to be lukewarm in support of the new measures to hold the South in check. On the other hand, these same Republicans were as earnest as the more radical members of the party in opposition to a reactionary policy. They held that Congress had gone far enough; that what had been done and secured must be maintained; that further steps in reducing the South to impotency would be unstatesmanlike and unjust. This

attitude of theirs established a common ground upon which Democrats North and South might join them, if so disposed, for an effort to overthrow the radical policy to which General Grant and the Republican party were committed.

Although the Southern question formed the basis of the revolt, it was not the only cause of the movement. There were public scandals. There was corruption in high places, and the President was slow to remove officials who were "under fire," particularly those who were his favorites and members of the circle which immediately surrounded him. He was thought to have taken a too personal view of the privileges and prerogatives of his office. Moreover, it is undeniable that the long continuance in power of one party had attracted to that party a great many politicians of low degree whose motives for attaching themselves to it were personal and sordid, and had developed a greed for the spoils of office in many original members of the party who had at first been actuated by high sentiments of public duty. It was a problem of conscience for those Republicans who were scandalized by the evils here enumerated whether they would endeavor to reform the party from within or would join the opposition which promised to purify the administration. As is usual in such cases, some of them decided the question for themselves in one way and some in the other. It will be admitted on all hands after the lapse of nearly thirty years that among those who determined to cut loose from an organization which no longer fully commanded their respect were some of the truest defenders of the principles on which the Republican party was founded, as well as some of the ablest and purest statesmen of the party.

The tariff came in to reinforce the movement for an overthrow of the ruling party. Some of the leading Republican papers in Chicago and other important Western cities took a position on the subject which is hardly

described by the phrase which they used — "tariff reform." They attacked the principle of protection and demanded a withdrawal of all duties levied for the benefit of manufactures. The tariff revolt in the West was hailed with delight by the old and new free traders of the East, — the old who had patriotically refrained from urging their opinions so long as the greater question of the preservation of the Union was pending, the new who had been converted by the able and unanswered — not unanswerable — arguments of Mr. Wells.

It was mere blindness not to see that all these things portended an attempt at a political revolution which, if judiciously managed, — unless the evils which produced dissatisfaction with the existing order could be mitigated, — must be successful. The Republican leaders who hoped to save the party by purifying its administration initiated and carried through various measures designed to effect their object. We are to concern ourselves with those only which are within the scope of the present inquiry.

Already in 1870 the more far-sighted protectionists realized that public sentiment would not back them in seeking for an extension of their system. The opponents of protection ascribed their course to timidity.[1] It matters little what term is applied to the reason which induced them at that time to be content with what they had. There can, however, be no doubt that within the next two years their prudence or timidity was changed to alarm. The first session of the Forty-first Congress began on the 4th of March, 1871. On the 13th, resolutions were introduced and passed under a suspension of rules repealing summarily the duty on salt, on coal, and on tea and coffee.[2] The Senate was not prepared to act so hastily and the several resolutions were referred to the

[1] New York "Nation," March 31, 1870.

[2] The vote on the salt resolution was yeas 147, nays 47; on coal, yeas 130, nays 57; on tea and coffee, yeas 139, nays 49.

Finance Committee, which made no report upon them until the second session, which began in December, 1871, and continued until after the "Liberal Republican" convention had made its nominations in May of the following year.

A reform of the taxing system occupied a large part of the time and attention of Congress during the session of 1871–72. An effort to present a chronological history of the several bills without wearying the reader with details of parliamentary strategy would surely result in failure. It is therefore necessary to treat the subject more broadly and confine attention to that which is important and which has a bearing upon the subject generally. First in order should be mentioned the fact that Mr. Speaker Blaine, a life-long protectionist, appointed a Committee of Ways and Means favorable to "tariff reform," which in this case signifies opposition to the high protection then prevailing. The Republicans had a majority of one only upon the committee; and although the chairman, Mr. Dawes, was a stanch supporter of protection, one of the Republicans, Mr. Finkelnburg, of Missouri, was a pronounced revenue reformer, and all the Democrats were frankly free traders. It is not strange that the bill which a majority of the committee adopted and instructed Mr. Dawes to report, was not at all to the liking of protectionists, who were angry with Mr. Blaine for appointing such a committee and complained that Mr. Dawes had been practically deposed from the chairmanship.[1] Ultimately the protectionists recognized the wisdom of accepting the tariff plan without much murmuring and with little change from the original project of the Ways and Means Committee.

On the 19th of February, 1872, the House of Representatives passed a second bill abrogating the duty on tea and coffee. The first bill, passed by the House at the

[1] "Nation," April 18, 1872.

first session, was allowed to slumber in the room of the Finance Committee of the Senate; but this second bill was reported, with amendments. Before the Ways and Means Committee could prepare the general measure of reduction of internal taxes and customs duties, the Senate was engaged in an earnest and active tariff debate in which tea and coffee cut no figure. At the end of it the Senate passed a bill making extensive changes in the rates of duties upon a variety of articles. By a parliamentary fiction the bill was an amendment of that which was sent to the Senate from the House of Representatives; in effect it was an altogether different measure. It contained the provision, afterward incorporated in the bill which became a law, reducing duties on most classes of manufactured goods ten per cent. When the transformed bill was returned to the House it was not well received. Mr. Dawes offered a resolution to the effect that the substitution of an entirely new measure for the bill to repeal existing duties on tea and coffee[1] was "in conflict with the true intent and purpose of that clause of the Constitution which requires that 'all bills for raising revenue shall originate in the House of Representatives.'" After a discussion, in the course of which no member dissented from the position that the action of the Senate trespassed on the prerogative of the House, the resolution was adopted by a vote of 153 to 9. There was not one member of weight in the minority; yet some able lawyers who were present refrained from voting. This was the only occasion in our history, up to that time, upon which the two Houses of Congress came to a direct issue over the question of the constitutional power of the Senate to amend revenue bills at its will. There is observable in the speeches of those who supported Mr. Dawes's resolution a disposition to go beyond the language of the

[1] Even the title of the bill had been changed. It had become "An Act to reduce existing taxes."

Constitution. One member of keen mind, Mr. Peters, of Maine, afterward for many years Chief Justice of his State, put to Mr. Garfield, of Ohio, two or three pertinent questions. "If you do not give a literal construction to this paragraph in the Constitution [namely, that the Senate may amend revenue bills], how can you have any rule fixing the limit of the power of the Senate to make amendments? . . . Where is the line to be drawn, or can you define their power?"[1] Mr. Garfield, in reply, attempted to define the "reasonable limit to this right of amendment." He thought the Senate must confine its amendments to the subject-matter of the bill. For example, he did not think the Senate might properly amend a bill relating to the duty on salt by changing the duties on textile fabrics. While he was enlarging upon this view, Mr. Peters inquired if the Senate might not add other articles to a revenue bill. Mr. Garfield was forced to admit that the Senate had usually done so without question. But the bills as to which the practice had prevailed were general tariff bills, whereas this was one expressly confined to the subject of tea and coffee. "Then," persisted Mr. Peters, "allow me to ask if it is a fixed rule or one in the discretion of the House?" Mr. Garfield thought it a fixed rule. Mr. Peters did not advance any argument in opposition to the prevailing view, but when the vote was taken he was silent.

The resolution of the House was sent to the Senate, by which it was referred first to the Committee on Finance and afterward to the Committee on Privileges and Elections, which made an elaborate report controverting the position of the House of Representatives, but no action was taken upon it. The controversy is interesting, not only in itself as presenting an important constitutional question, but also in view of the fact that the tariff act of 1883 was saved from defeat by a device identical with

[1] "Congressional Globe," second session, Forty-first Congress, p. 2107.

that which the House condemned so decidedly in 1872. The House on the later occasion acquiesced without a protest. It is not probable that the question will ever arise again. The Constitution does not limit the Senate to "reasonable" amendments either in subject or in number; and if it had done so the Senate is equally with the House a proper judge of what is reasonable.

The bill passed by the Senate was referred to in the House debate as a protection measure; but to the protectionists themselves it seemed a great concession to the changing spirit of the times. Some radical advocates of the protective system having objected to the provisions of the amendments proposed by the Committee on Finance — which the House condemned for the reasons just stated — Senator Sherman, of Ohio, said that although he had heard the reasons given by manufacturers why the duties should not be reduced, "I believe it is for their interest to have this reduction of ten per cent. made, because their interest is so connected with the general interest of the subject-matter, with the maintenance of the protective system, that I believe it would be a misfortune to them if this concession to the consumers of the country should now be refused." [1] "I say again . . . that in my deliberate judgment it is better for the protected industries in this country that this slight modification of duties should be made, rather than to invite a contest which will endanger the whole system." [2] He could hardly have put into more significant language an expression of the alarm which possessed many of the Republican leaders who were watching the apparently rapid progress of free trade ideas.

The House cast out the Senate tariff bill on the 2d of April, 1872. Its own measure was not reported by the Committee of Ways and Means until April 16th; it was taken up in Committee of the Whole on the 26th.

[1] "Congressional Globe," second session, Forty-first Congress, p. 2017.
[2] *Ibid.* p. 2018.

General debate — which, as is often the case in congressional parlance, signified the delivery of prepared speeches of great length, few of which contained original matter — continued until May 7. On that day, as the committee was about to enter upon the consideration of the bill by sections, for amendment, Mr. Kelley, of Pennsylvania, moved to strike out the enacting clause, which is equivalent to a motion to reject the bill. The motion was carried by a vote of 95 to 75, evidently to the surprise of members on both sides of the House. The result, under the rules, compelled the committee immediately to rise and report the result to the House. By a skilful parliamentary manœuvre to which the Speaker lent invaluable assistance, the House was enabled to substitute, for the amendment striking out the enacting clause, a vote to recommit the bill to the Ways and Means Committee with an amendment making the ten per cent. reduction in the duties on many classes of manufactured goods. The debate upon the several provisions of the bill then proceeded in a regular manner. But progress was slow; the presidential canvass was close at hand, the members were anxious to close the session before the Republican convention, which was to meet in Philadelphia on the 5th of June, and accordingly, on the 20th of May, Mr. Dawes moved that the Committee of the Whole be discharged from the further consideration of the bill, and that the bill be passed. The motion was carried by yeas 149, nays 61. The minority was composed chiefly of radical protectionists who followed the lead of Judge Kelley, of Pennsylvania; but in the list of nays were also some unbending free traders, the most of whom voted, with Messrs. Brooks and Cox, of New York, Kerr and Voorhees, of Indiana, and Beck, of Kentucky, in favor of the bill. The Senate crowded a most active discussion of the bill into four days, from May 27 to May 30, inclusive, on the last of which the session was prolonged until two

o'clock in the morning of May 31, when the bill was passed by a vote of 49 to 3. As in the House, the protectionists supported the measure because they felt that there was a political necessity for so doing, the free traders because it tended in their direction and was the best they could get. A conference upon the disagreeing votes resulted in a unanimous report from the committee of the two Houses, the report was adopted without opposition, and the bill was signed by the President on the 6th of June.[1]

While the House was considering its bill making many reductions in the tariff, the Senate took up the bill repealing the duty on tea and coffee — the first bill which was passed at the first session of the Forty-first Congress — and after a brief debate passed it by a vote of yeas 41, nays 7. Five of the seven negative votes were contributed by Democratic senators from New Jersey, Maryland, and Delaware. The bill became a law on May 1, 1872.

In considering the effect of the tariff legislation at this session the two acts must be taken together. From an interesting detailed statement of Senator Sherman[2] it appears that the loss of revenue anticipated from the repeal of the tea and coffee duties was $15,893,847; from the enlargement of the free list by the addition of other articles, $2,676,094; from the reduction of duties, $11,076.629; a total of $29,646,570.[3] The most important additions to the free list, other than tea or coffee, were hides, jute, paper stock, and saltpetre. In the reductions of duties manufactures were benefited by remissions upon coal, india-rubber, tin, soda ash, leather,

[1] In this case the Senate exercised its right to amend with great freedom. No less than one hundred and fifty amendments were left to be considered by the committee of conference. The House receded and concurred in all but eight of them.

[2] "Congressional Globe," second session, Forty-first Congress, p. 4215.

[3] There is an error in addition in the "Globe," but one of no importance, as it amounts to only $792.

and other articles. The call for a reduction of the duties on "protected" merchandise was met by a ten per cent. cut in the rates on manufactures of cotton, wool, iron, steel, and other metals, paper, india-rubber, glass, and leather. In this case the estimated diminution of revenue was realized; for although the value of imports increased from $626,595,077 in the fiscal year 1871–72 to $642,136,210 in 1872–73, the revenue from customs decreased from $216,370,287 to $188,089,523, being a loss of more than 28 millions.

These tariff acts were passed just as the presidential canvass of 1872 was beginning. An extensive and carefully considered plan to make the tariff the chief issue in that canvass had been maturing for several months. The acts were passed with the direct, we may even say the sole, object of appeasing a supposed demand for tariff reform. Yet the agitation for the overthrow of the protective system ceased as if by magic; and the Republicans were relieved of the necessity of defending the citadel, because it was not attacked. It would be absurd, nevertheless, to suggest that the extremely moderate reductions by the acts of 1872 would have satisfied a really strong popular sentiment in favor of the reform. The ease with which the movement, begun with the object of a reversal of the tariff policy, was checked, diverted, and brought to naught, teaches the same lesson, that the movement did not reach the people. There was a group of active and enthusiastic free traders who hoped to make the Democratic party an instrument in making the change which they desired. The Democratic leaders were ready enough to adopt any means by which they might return to power. Their action in Congress was the preliminary gong-beating to rally their own party and to frighten the enemy. The cause of revenue reform was to them merely a hopeful agent in their attempt at president-making. They and the free traders who were breaking away from the Repub-

lican party did frighten the protectionists for a time, and led them to make concessions in order not to be outbid in the contest for popular favor. But the sincere men were outmanœuvred and overcome at an early stage in the struggle, and tariff reform was heard of no more.

The "Liberal Republicans" met at Cincinnati on the 1st of May, in accordance with a call issued by a State convention held at Jefferson City, Missouri, in January. The basis of the call, the fundamental qualification of those who were invited to take part in the convention, was an unreserved acceptance of the results of the war and of the amendments of the Constitution designed to secure them. Although the necessity of reform in various parts of the government system and service were proclaimed in the Jefferson City platform to be necessary, the one specific and concrete reform, demanded in the strongest language, was a radical reduction of the tariff. After the convention the "Nation," itself one of the most thoroughgoing and persistent opponents of protection, characterized the resolution upon this subject as "a downright free trade resolution."[1]

The "delegates" to the convention were self-chosen. There were no local bodies which were authorized to select and commission delegates. All who felt sufficient interest in the movement were free to attend and to take part fully in the proceedings. Practically the convention was a "cave of Adullam." All the members were opposed to the reëlection of President Grant and to the continued ascendency of the Republican party. But the grounds of their opposition were various. Some of the members, and, as it turned out, a large number of them, were quite as much the advocates of a candidate of their own as they were opponents of the President. The free traders from the East were, as a rule, supporters of Charles Francis Adams for President and of Lyman Trumbull for

[1] May 9, 1872.

Vice-President. There were "booms" for other candidates; but, by general consent of all who were in the movement by reason of their earnestness in any sort of reform, the candidacy of Horace Greeley was the most grotesque and the most destructive of reform. Yet Mr. Greeley was nominated. The movement which was to overthrow the protective system ended in the selection as a candidate of a veteran protectionist — the most conspicuous and consistent journalistic champion of the system. The Democrats fell in with the nomination and thereby exposed the hollowness and insincerity of their pretensions as revenue reformers. The canvass ended, as every one knows, in the reëlection of the President by an overwhelming majority. In the following year the great financial panic gave rise to a new class of issues which precluded immediate consideration of the tariff question. Moreover, the blow which was given to domestic industry and to the foreign trade caused a great diminution of revenue and rendered a reduction of the tariff inexpedient. These circumstances and the stirring political events of the times kept the tariff issue in the background for many years. Not that it was allowed to be wholly forgotten. Several attempts were made, as we shall see, to divert attention from other subjects by attacking the tariff; but they did not appeal strongly to the people, the political administration of the country was divided, and the Democrats were not united in favor of a bold reduction of duties.

A period of hard times is always a time of trial and peril to the party in power. In 1874 there was a political revolution, due in part to the slowly accumulated hostility to the Republican policy, and in part to the depression and poverty that followed the panic of 1873. A House of Representatives was elected containing a strong Democratic majority. The short second session of the Forty-second Congress, from December, 1874, to March, 1875, was the only opportunity left to the Republicans to arrange

matters before yielding up the power to initiate legislation and to carry it into effect. The revenue was declining rapidly. Although there was not the slightest danger that the receipts would fall short of the ordinary expenses of the government, yet the protection of the sinking fund had become an object of deep solicitude to the Republicans. At least, they professed much anxiety on the subject. The Democrats derided the idea that care for the sinking fund was the real motive of their opponents' policy. The question of sincerity or insincerity must be left unanswered. Nevertheless, it was a fact that the whole financial fabric was in danger. In 1874, the country was saved by the veto of the President from entering upon a career of inflation of the paper money; but the greenback propaganda was active and successful. There were many nostrums proposed to restore good times, all of which involved an expansion of the currency, not by earning money, but by a government issue of promissory notes or of inter-convertible bonds. Whether the Republican leaders were or were not really anxious as to the success of the various schemes, they surely had reason to be; and their legislation in the session of 1874–75 undoubtedly saved the country from a great danger. The passage of the specie resumption act was much more effective in this direction than any other measure. Nevertheless, the tariff act of this session[1] was helpful in that it assured the preservation of the national faith with respect to the provisions for the diminution and ultimate payment of the public debt.

Mr. Dawes, on the 10th of February, 1875, reported from the Committee of Ways and Means "an act to further protect the sinking fund and to provide for the exigencies of government." It proposed to increase the revenue tax on tobacco and spirits, to add twenty-five per

[1] There were two tariff acts passed in this session, but only one of them was important enough to be noticed.

cent. to the duty upon molasses and sugar of all kinds, and to repeal the ten per cent. reduction of duty upon manufactured goods made by the act of 1872. It may be said at once that the bill finally became a law, on March 3, 1875, without important change. Mr. Dawes showed that the surplus of the year 1873–74 had been but two millions; that the preliminary estimate of the surplus for the year 1874–75 was but nine millions; and that from the beginning of the calendar year 1875 the receipts from customs had been declining rapidly. During the first seven months of the fiscal year 1874–75 the receipts were three and a half millions less than during the corresponding period of the previous year, but economy in expenditures offset the loss. Clearly there was little or nothing to be expected for the sinking fund, which that year called for more than forty-seven million dollars.

The debate upon the bill offers a few points of interest. As has been intimated, the Democrats and most of the Republicans who classed themselves as revenue reformers, took the ground that there was no need of additional revenue, and accordingly they opposed the bill uncompromisingly. Some of the New York members urged that the first and most reasonable addition, were there to be an increase of taxation, would be a reimposition of the duty on tea and coffee. Mr. S. S. Cox, of New York, one of the most persistent free traders who ever held a seat in the House, demanded the reason why the Committee of Ways and Means passed by this obvious means of augmenting the revenue. Mr. Dawes replied that the importers, foreseeing the probability of an increase of taxation and the prospect that tea would be chosen as one of the objects of taxation, had purchased and imported tea in such quantities that a full year's supply was already in the country. Consequently a levy of duty upon that article would produce no revenue for a twelvemonth to come. It was manifestly the interest of the importers, in these circumstances,

that tea should be taxed, because they would be thereby enabled to add the amount of the tax to the tea imported free which was already in store. That there was, in fact, a "lobby" of importers urging the imposition of duties for the purpose of enhancing the price of goods already imported, is an excellent illustration of the truth that those who oppose the protective system may sometimes, themselves, be actuated by motives not wholly unselfish. It is interesting to note that although Mr. Dawes's statements were not contradicted, Mr. Cox and other New York members continued to urge the imposition of a duty upon tea.

The grave and increasing importance of currency questions at this period is indicated in the strongest manner by the opposition to the bill, at every stage, by Judge Kelley, of Pennsylvania. His advocacy of protection for all products of American industry, on all occasions, was the one picturesque feature of his long congressional career. His untiring devotion to the cause won for him, among his opponents, the sobriquet of "Pig Iron Kelley." Yet the judge was so carried away by his faith in the greenback theory, and by the merits of his own device of interconvertible bonds, that at this time it seemed to him a crime to add to the tax burdens of the people when the deficiencies of revenue might be so easily met by the products of the printing-press. He was in favor of a repeal of the ten per cent. reduction of duty on manufactures; but the benefits to be expected from that return to the former protective rates were not sufficient to persuade him to vote for the other additions to revenue-producing taxes.

The protectionists protested many times during the debate that they did not bring forward the ten per cent. repeal measure for the sake of protection, but to increase the revenue. Nevertheless the line between the advocates and the opponents of the bill was identical with the line between the protectionists and the free traders, or revenue

reformers, save that Judge Kelley found himself in strange company. The division was, moreover, far closer than was agreeable to the protectionists. A great deal of parliamentary strategy was needed to get the bill through the House. Mr. Dawes was forced to resort to the singular tactics of moving in Committee of the Whole to strike out the enacting clause. The motion, which involved the defeat of the bill should the House agree to the amendment thus made in Committee of the Whole, was carried; but Mr. Dawes, as the mover of the motion to reject, retained control of the bill when the committee rose and the House resumed; and by a skilful series of motions which seem to have been prearranged with Mr. Speaker Blaine, the bill was passed by a vote of 123 to 114.

The Senate Committee on Finance was equally divided upon the bill, but directed the chairman, Mr. Morrill, of Vermont, to report it. The debate was unusually short. The bill was reported on February 26; on the 1st of March a motion to lay it on the table was carried by a vote of 30 to 29. This motion does not in the Senate necessarily imply the rejection of a bill, as it does in the House, but it was intended in this case as a refusal to consider the bill further. Nevertheless, on the following day, March 2, the bill was taken up and passed by a vote of 30 to 29. Several Republicans were among those who voted in the negative; Mr. Allison, of Iowa, Mr. Fenton, of New York, Mr. Oglesby, of Illinois, Mr. Jones and Mr. Stewart, of Nevada, Mr. Sherman, of Ohio, and Mr. Sprague, of Rhode Island. Inasmuch as no amendment was made by the Senate the bill was sent promptly to the President, who approved it on the 3d of March.

The tariff act of 1875 virtually closes the record of the period during which the Republicans had unrestrained power in the government. A protective tariff thus marks the beginning and the end of the epoch. The "Morrill tariff" was passed just before they took possession of the

executive branch of the government, when secession led to the retirement of Southern Democrats from Congress and left the Republicans in a majority; but it was signed by President Buchanan. The protective system was maintained, with vigor, during the fourteen years of their complete ascendency. When they were forced to give up the control of the lower House of Congress, and thus to surrender the power to initiate revenue legislation, they signalized their last day of unlimited authority by restoring the duties levied for purposes of protection to the giddy height they had attained when war's terrible greed of money insured a favorable response to every request manufacturers might make for higher rates. It was a bold, even audacious, defiance of the opposing party. It placed in the way of that party a law which it could not repeal nor modify. As a political move the passage of the act seems ill-judged. It made the discussion of the tariff question more bitter than it would otherwise have been. It divided men into two parties of extremists, at a time when moderate counsels would have produced a reasonable tariff system that might have stood unchanged for several years. At almost every succeeding period of congressional or presidential election until 1896 the tariff was an issue in the canvass, to the great disturbance and distress of business, and during the short period of fourteen years, from 1883 to 1897, there were four complete revisions of the tariff. It would not be fair to lay all the uncertainty and anxiety which the agitation produced to the charge of the Republicans in the Forty-second Congress. But it is certain that they had more regard for the interests of the moment than a statesmanlike foresight of the consequences of their eager grasp at a vanishing opportunity.

XV

THE TARIFF COMMISSION AND THE REFORM CAMPAIGN

Not only the most important but the longest continued experiment in reciprocity ever made by the United States was begun during the period which we are next to consider. On the 30th of January, 1875, Mr. Hamilton Fish, Secretary of State, and the representatives of King Kalakaua, of the Hawaiian Islands, signed a treaty for the mutual exchange, free of duty, of the chief productions of the two countries. Although the treaty was sent to the Senate soon afterward, it was not taken up for consideration at the regular session of the Forty-third Congress, but was discussed at the extraordinary session of the Senate which began on March 5, 1875; was ratified on the 18th of the same month, and proclaimed June 3, 1875. An act carrying its provisions into effect was approved January 30, 1876; and the treaty came into operation on September 9 in the same year. By its terms it was to continue in force for seven years, and thereafter for one year from the time when either party might give notice of a wish to terminate it. In December, 1884, the two countries negotiated a renewal of the treaty for a further term of seven years, with a similar provision as to termination, and with a concession of a harbor at Pearl River for a naval station. This second treaty was not ratified until January 20, 1887. It was proclaimed November 9, 1887, and continued in force until Hawaii became a part of the United States in accordance with the joint resolution of July 7, 1898. The arrangement lasted, therefore, nearly twenty-two years.

The measure received far less careful consideration when it was brought before the Senate for ratification than it would have had if senators had been able to foresee its far-reaching consequences. The United States had always exercised a paramount influence over the Sandwich Islands, as the Hawaiian kingdom was usually called. The king had lately made a visit to and a tour through this country, and it was undoubtedly good policy to secure both the trade of the country by the admission to Hawaii, free of duty, of American goods exclusively, and the good will of the kingdom by opening a free market in the United States. Nevertheless, there was some protectionist opposition to the treaty, which would surely have been more strenuous if the expansion of the sugar production of Hawaii to its present proportions had been deemed possible. The chief opposition, strange to say, came from the sugar-refiners on the Pacific coast, who afterward, of all others, profited most by the treaty. On the day before the original treaty was ratified the press correspondents at Washington expressed the opinion that the opponents of ratification would muster nearly or quite one third of the Senate, and that the chances of the treaty were extremely doubtful. But when the matter was put to vote the result was yeas 51, nays 12. The minority consisted chiefly of Republicans, but they were joined by two or three Democrats who did not believe in separate reciprocity agreements.

The treaty was amended in some points, and made more favorable to the United States before it was ratified. In its final form it admitted to the United States free of duty almost all the productions of Hawaii; but the word "bananas" was substituted for "fruit," to save California oranges from competition. Practically all the manufactured products of the United States became entitled to free admission into Hawaii. The king further agreed that during the continuance of the treaty he would not

lease or otherwise dispose of any port or territory, nor grant any special rights to any other power, and that he would not make with any other government a treaty for the free admission of any articles.

Before the treaty was made the trade of Hawaii was unimportant. It was chiefly, but by no means exclusively, with this country. The trade arrangement gave such great advantages to reciprocal exchange that the commerce was extended enormously and soon became limited almost exclusively to the two countries. Ultimately it led to the union which now exists.[1] The following table shows the value of the trade of the United States with Hawaii for three years preceding 1877, and for certain of the years it was in force; and the table is continued to the end of the century, although since 1898 the trade is not properly classed as foreign. It will be seen that the exports from this country during the last year Hawaii was foreign territory were nearly five times the value during the first year of the treaty, and that our imports expanded nearly seven-fold during the same period.

Year.	Exports and reëxports.	Imports.	
		Total.	Sugar.
1874	$614,628	$1,016,952	[2]
1875	662,164	1,227,191	[2]
1876	769,662	1,376,681	[2]
1877	1,272,949	2,550,335	$2,108,470
1880	2,086,170	4,606,444	4,135,531
1885	2,787,922	8,857,497	8,198,184
1890	4,711,417	12,313,908	11,549,828
1895	3,723,057	7,888,961	7,396,215
1896	3,985,707	11,757,704	11,336,796
1897	4,690,075	13,687,799	13,164,379
1898	5,907,155	17,187,380	16,660,109
1899	9,305,470	17,831,463	17,287,683
1900	13,509,148	20,707,903	20,392,150

[1] In commenting briefly upon the ratification of the treaty, the New York "Tribune" of March 19, 1875, remarked: "And quite probably some of our sons of manifest destiny believe it may open the way to the ultimate annexation of the Sandwich Islands."

[2] Not separately reported.

The period between 1875 and 1883 was almost barren of tariff legislation, but most fruitful in political discussion of the subject. The only act passed in that time which is of sufficient importance to be mentioned here was one putting salts of quinine on the free list.[1] There were several attempts at tariff revision, but the political conditions were not favorable to their success. During the six years from 1875 to 1881 there was a Republican President in the White House and a Democratic House of Representatives at the Capitol. The Senate also was Democratic during the last two years. In 1881 both the executive and the legislative branches of the government became Republican, and it was possible to carry a party measure to enactment.

In such circumstances it was possible for politicians to declare loudly and with emphasis what they would do if they had the power, secure against a demand that they make good their promises. It is therefore not surprising to find that for six years beginning with 1875 both parties were manœuvring for position, and — as is usually the case when the choice of political principles is a matter of strategy and tactics rather than of conviction — becoming more insincere with every skirmish. The history begins with the bill reported by Mr. William R. Morrison, of Illinois, chairman of the Committee of Ways and Means, at the first session of the Forty-fourth Congress, 1875–76. The chief features of the bill were the adoption of specific duties throughout, the proposition to reimpose duties on tea and coffee, placing coal and some other articles on the free list, and diminishing duties on the protected manufactures. The bill was formally taken up for discussion in Committee of the Whole, but was under consideration two days only, and was heard of no more.

It becomes a matter of interest from this time onward to observe carefully the declarations of the two great parties

[1] Approved July 1, 1879.

on the tariff question. In 1872 the Liberal Republicans were estopped, by their nomination of Mr. Greeley, from making a bold utterance upon the subject. They, and the Democrats who adopted their platform, demanded "a system of federal taxation which shall not unnecessarily interfere with the industry of the people, and which shall provide the means necessary to pay the expenses of the government, economically administered, the pensions, the interest on the public debt, and a moderate reduction annually of the principal thereof; and, recognizing that there are in our midst honest but irreconcilable differences of opinion with regard to the respective systems of protection and free trade, we remit the discussion of the subject to the people in their congressional districts and the decision of Congress thereon, wholly free from executive interference or dictation." It was understood that Mr. Greeley would not, if elected President, veto any tariff bill that Congress might pass. The Republicans were cautious in their description of the tariff which would be acceptable to them. They also desired a revenue which should leave "a moderate balance" for the reduction of the public debt, which revenue, "except so much as may be derived from a tax upon tobacco and liquors, should be raised by duties upon importations, the details of which should be so adjusted as to aid in securing remunerative wages to labor, and to promote the industries, prosperity, and growth of the whole country."

"Reform" was the Democratic watchword in 1876. "Reform is necessary," the Democratic convention declared, "in the sum and modes of federal taxation, to the end that capital may be set free from distrust and labor lightly burdened. We denounce the present tariff, levied upon nearly four thousand articles, as a masterpiece of injustice, inequality, and false pretence." After specifying the evils which it was conceived the tariff produced, the paragraph closed with a "demand that all custom-

house taxation be only for revenue." [1] The Republicans adopted a declaration similar to that of 1872, but somewhat abbreviated. Other questions were deemed of so much greater importance than the tariff issue that it can hardly be said that protection and free trade had any influence upon the presidential canvass of 1876.

The spirit of the Democratic party during this period may be illustrated by the terms of a resolution, supported by most of the representatives of the party, which was introduced in the House of Representatives by Mr. Mills, of Texas, in December, 1877. It was as follows: "*Resolved*, that the Committee of Ways and Means be instructed to so revise the tariff as to make it purely and solely a tariff for revenue, and not for protecting one class of citizens by plundering another." The resolution received the votes of 60 Democrats and 7 Republicans; it was opposed by 64 Republicans and 12 Democrats.

Mr. Fernando Wood, of New York, was the chairman of the Committee of Ways and Means of the House of Representatives during the Forty-fifth Congress. He introduced the practice, which has since been usually followed, and even extended, of leaving the preparation of a tariff bill, as a party measure, to a sub-committee consisting of the members belonging to the dominant party. The sub-committee proposed to put duties upon a variety of "raw materials" previously on the free list, as hides, india-rubber, rags for paper-making, dyes, raw silk, etc.,

[1] It seems worth while to remark that the statement that nearly four thousand articles were dutiable was a gross and inexcusable exaggeration. In 1883, by direction of Congress, a return was published showing the amount imported in each year from 1867 to 1883 of every class of goods enumerated in any tariff act in force during that period, together with the value, the rate of duty, and the amount of duty received. The number of articles specified, counting every separate rate of duty on articles of the same class as a distinct item, was 1601, of which 388, by actual count, were free of duty. The maximum number of articles subject to duty could therefore not have exceeded 1213, and the assertion in the Democratic platform more than tripled the actual number.

from which it was expected to derive a revenue of about six millions. The duties on manufactured goods were to be reduced heroically, as a matter of course. The outcry against this proposition to tax crude articles was so loud that the committee cut out this feature of the bill before reporting it. The spirit of the measure may be indicated by the treatment accorded to wool and woollens, and by a single passage from Mr. Wood's speech in support of the bill. It was proposed to levy a uniform tax of thirty-five per cent. on all wool, which would have killed the American carpet industry; and to reduce the duty on all manufactures of wool to a uniform rate of fifty per cent., which would have destroyed all the rest. Mr. Wood explained the principle of his bill thus: "The general theory and scheme of the bill is to resuscitate American commerce, to reëstablish our position as one of the foremost maritime nations of the world, and by this means to develop to its full extent the material resources of the nation. Will not this advance the manufacturing interests of the country?" He proposed, in fact, to resuscitate American commerce by encouraging importation of foreign goods, at a time when four fifths of the carrying trade was in the hands of foreigners. It is interesting to note that the first speech in opposition to the bill was made by Mr. McKinley, of Ohio. One remarkable feature of Mr. Wood's ill-fated bill was that it dispensed with a free list. It mentioned only the articles that were to bear duty, and left all others free. After a debate which was as fruitless as any tariff discussion that ever took place in Congress, the bill was brought to a vote, on June 5, 1878, on a motion to strike out the enacting clause. The motion was carried, yeas 134, nays 121, and the bill was rejected. Most of the affirmative votes were given by Republicans, but they were joined by enough high tariff Democrats of Pennsylvania, New Jersey, Iowa, Maryland, West Virginia, and Wisconsin, to give them a majority.

No other serious attempt was made to bring a tariff bill before Congress for action until the closing session of the Forty-seventh Congress, 1882–83. The steps that led up to the passage of a completely revised tariff at that time are extremely interesting. At the beginning of the presidential canvass of 1880, there seemed to be no public interest in the tariff. A few newspapers strongly devoted to the cause of free trade, which were accustomed to attack the protective system when other topics for public discussion were lacking, gave the only sign anywhere discoverable that the tariff was oppressive. The Democrats probably had no thought of making the tariff an issue when they adopted the ejaculatory platform at Cincinnati, which contained the following paragraph of fine-sounding but not over-definite principles: —

3 Home rule; honest money, consisting of gold and silver and paper convertible into coin on demand; the strict maintenance of the public faith, state and national; and a tariff for revenue only.

General Winfield S. Hancock was nominated for President upon the platform from which the foregoing paragraph is extracted. General James A. Garfield was the candidate of the Republicans, whose only reference in their national platform to the tariff question was a reaffirmation of "the belief avowed in 1876, that the duties levied for the purpose of revenue should so discriminate as to favor American labor." The canvass was not a warm one at the outset. On neither side did politicians seem to know what issue was to be prominent, or by what means they might arouse and excite the voters. Suddenly the Republicans began attacking the Democrats for having threatened, in case of success at the polls, to sweep away at a blow the whole protective system. Of course that was the only possible interpretation of the phrase "a tariff for revenue only." Although the Democrats had no thought

of carrying such a policy into effect; although they could not have united their own party in support of it if they had so intended; and although no one took that declaration of the party seriously, yet the Republicans were quite justified in representing their opponents as proposing a measure which, if suddenly put into execution, would work havoc among the industrial interests. The Republicans made the attack and found their adversaries not only unprepared but indisposed to defend the obvious meaning of their platform.[1]

If the leaders of the Democratic party were thus perplexed and annoyed, the leader *par excellence*, the candidate for President, jauntily kicked the tariff plank of the platform to pieces. In an interview with a journalist he declared that "the tariff question would not affect the manufacturing interests of the country in the least;" that his election would make no difference one way or the other; that "manufacturers would have just as much protection under a Democratic administration as under a Republican one;" and that "the tariff is a local affair."[2] This last phrase set the country into a roar of amusement. The gallant soldier, who deserved much better treatment than to be a target for ridicule, undoubtedly had a perception of the truth as to the real consequences of a Democratic success, but he was discussing a subject on which he was not well informed. He ventured beyond his political

[1] On this point see the "Nation" for October 21, 1880. The "Nation" itself was always a consistent and sincere advocate of free trade; but it says plainly that the expression in the platform was a phrase only, and that the Democrats were taken by surprise when they realized what they had done. In the preceding issue (October 14) it said, with much truth, "There is no real interest among the managers on either side in any question of the day;" and it likened the opposing stump orators to the Italian condottieri who fight under contract by the day without loss or injury to either side.

[2] The expression usually attributed to General Hancock at the present day is "a local issue." It is possible to treat it, in this form, as a shrewd, even a witty, remark; the words actually employed are not capable of being so regarded.

depth. Little as the Democratic managers were disposed boldly to stand by their party declaration, they did not enjoy the position in which they were placed. A letter was drawn from General Hancock by Senator Randolph, of New Jersey, in which the general said that he was "too sound an American to advocate any departure from the general features of a policy which has been largely instrumental in building up our industries;" and yet he qualified his general adhesion to the protective principle in such a way as to satisfy those who wished to bring about a large reduction of duties without a radical reversal of the national policy. Undoubtedly he was in favor of General Jackson's "judicious tariff." But after this episode of the canvass nothing could save the Democratic cause. The election in Indiana, in October, which turned upon the tariff, was carried by the Republicans, who achieved a notable victory in November.

The responsibility for the tariff was thus thrown upon the Republican party. The time had arrived when the financial condition of the country rendered action necessary. Although the years from 1874 to 1878, both years inclusive, were years of business depression, the Treasury was at all times in a sound condition. During the first year of the period, the panic year, the surplus upon ordinary operations[1] was less than four millions; but in the four years following it was: 13 millions in 1874–75; 29 millions in 1875–76; 40 millions in 1876–77; and 21 millions in 1877–78. The public debt was reduced more than a hundred million dollars during the four years, and its burden was still further reduced by the refunding of nearly five hundred million six per cents at the rates of five, four and a half, and four per cent. The healthy condition of the Treasury was not due to large revenue but to substantial economy in expenditure. The Democrats, who

[1] Taking for income the "net ordinary receipts" plus the premium realized upon sales of gold; and for outgo the "net ordinary expenditures" plus interest on the public debt.

were in control of the House of Representatives, cut down the appropriations to the lowest possible point.

As might have been anticipated, in such circumstances, the revival of business made a plethoric Treasury. In the fiscal year 1878–79 the customs yielded nearly 215 millions, an increase of more than 70 millions over the preceding year, and in 1879–80 the receipts from this source reached 386 millions. The total ordinary receipts showed a smaller increase, because the yield from internal revenue was less; but there was a reduction of the net debt in the two years of almost a hundred millions. So rapid a payment of the principal was desired by no one, and it was foreseen that there must be a revision of the tariff. The idea of a reasonable and, so far as possible, a non-partisan readjustment of duties was in favor at this time. The first step toward such a measure was taken by the Senate. Mr. Eaton, of Connecticut, a Democratic member, introduced a bill to create a tariff commission composed of persons not members of Congress, and the act which was eventually passed was not greatly different from his original proposition. It was discussed by the Senate at some length and was passed by that branch at the session of 1879–80, but was not acted upon by the House. President Arthur recommended the creation of such a commission, adopting the view of the Secretary of the Treasury, in his first annual message,[1] and after a prolonged discussion which it is not necessary even to summarize, Congress passed an act in accordance with the recommendation. The bill was passed by the House on May 6, 1882, by a vote of 151 to 83. All but about thirty of the affirmative votes were given by Republicans, and all but seven of the negative by Democrats. The Greenbackers, of whom the House contained a liberal sprinkling, all voted for the bill. The Senate had already passed a similar bill, the only substantial difference being that the commission was, by the Sen-

[1] "Messages and Papers of the Presidents," vol. viii. p. 49.

ate bill, directed to inquire also into internal revenue taxes and propose a revision thereof; but upon receiving the House bill it passed the same without amendment by a vote of 35 to 19. Six Democrats voted in the affirmative; two Republicans and Senator David Davis, of Illinois, in the negative. Otherwise, it was a party vote.

The act directed the appointment, from civil life, of nine commissioners, whose duties, as prescribed in the third section, were, "to take into consideration and to thoroughly investigate all the various questions relating to the agricultural, commercial, mercantile, manufacturing, mining, and industrial interests of the United States, so far as the same may be necessary to the establishment of a judicious tariff, or a revision of the existing tariff, upon a scale of justice to all interests." The commission was authorized to hold sessions in any part of the country; and it was directed to make its final report not later than the first Monday in December, 1882, when Congress would begin its next session; also to submit in print the testimony taken.

Barely six and a half months intervened between the approval of the act by the President, on May 15, and the date of the final report, December 4. There was, in the first place, some difficulty in constituting the commission. Several prominent and able men to whom the President offered positions as members of the commission, declined to serve.[1] The composition of the commission was afterward criticised somewhat contemptuously by persons who opposed its recommendations; but it may be said that President Arthur did the best he could with the material at his disposal, and that those who were finally chosen

[1] The President wished to make William A. Wheeler, Vice-President of the United States from 1877 to 1881, the chairman of the commission, but he declined the appointment. Mr. A. A. Low, of New York, Hugh McCulloch, former Secretary of the Treasury, Erastus Corning, of New York, and John S. Phelps, of Missouri, also declined.

were for the most part competent for the task, and they were all honorable and fair-minded. The statement that they were fair-minded does not imply that they were not men having convictions upon the subject of protection and free trade which they were not likely to surrender, but that they were not only capable of considering and disposed to consider, and that they really did, in a spirit of justice and fairness, take into account the counter-claims of the various interests and industries; and that they did ultimately present a scheme of a tariff law more scientific, based upon a broader conception of the respective rights of producer and consumer, and of conflicting industries, than any law which had been passed, up to that time.

The commission as organized consisted of John L. Hayes, of Massachusetts, Secretary of the National Association of Wool Manufacturers; Henry W. Oliver, Jr., of Pennsylvania, an iron manufacturer; Austin M. Garland, of Illinois, a wool grower; Jacob A. Ambler, of Ohio, a former member of Congress; Robert P. Porter, of the District of Columbia, a statistician and expert of the Census Office; John W. H. Underwood, of Georgia, a man of long experience in public life in the South; Alexander R. Boteler, of West Virginia; Duncan F. Kenner, of Louisiana, a sugar grower; and William H. McMahon, of New York, an officer of the New York Custom House, prominent by reason of his long and exact familiarity with the working of tariff laws. It will be seen that four of the commissioners were themselves personally or officially interested in industries classed as protected. All the commissioners, without exception, were favorable to the principle of protection, although Mr. Porter had been at one time strongly inclined to free trade. Nevertheless they all accepted and acted upon the advice given to them at the opening session of the commission, held at Washington on the 6th of July, by the chairman, Mr. Hayes.

They were, he told them, forbidden to propose "a radi-

cal or subversive change in the present general economical policy of the country." They were asked to make "a revision, not a destruction, of existing tariff laws," on a scale of justice to all interests. Having this end in view, "no special industry can have undue advantage; no private interest can be subserved; no duty promoting one industry, yet oppressing another, can be justified, and the relations of the industries to each other, no less than the special necessities of each, must be considered. . . . We may also find a solution of many questions of opposite individual or sectional interests, and may avoid many difficulties by remembering, while not unmindful of justice to existing interests, that protective duties should be imposed or withheld, not for the benefit of individuals or special industries, but for the good of the nation." [1]

The commission having laid out its plan of operation in a seven days' session at Washington, began taking testimony on the 19th of July at Long Branch, New Jersey, where it remained nearly a month. A session of three days at Boston was followed by a journey westward, interrupted by stops at all the important cities, as far as Minneapolis and St. Paul. The commission then took a southeastward direction of travel, again breaking the journey frequently, until Savannah was reached. From that point the course was through the coastwise cities to New York, whence a trip was taken to Pittsburg and Wheeling, and the taking of testimony came to an end in Philadelphia on the 16th of October. No less than 604 witnesses were heard, in sessions upon 78 days, held in 29 different places. The testimony taken occupies 2625 pages. An overwhelming proportion of the witnesses were persons whose business was directly affected by the tariff rates, and much ironical criticism of the value of the evidence has been made against the work of the commission on this account. Nevertheless, the witnesses were not selected by

[1] Appleton's Annual Cyclopedia for 1882, p. 778.

the commissioners, but were volunteers, and if few men appeared to urge more radical reduction of the tariff than was recommended, the fault was their own. Those who did present themselves to ask even for a total abolition of all protective duties were courteously heard, and their arguments are printed in the two bulky volumes which constitute the report of the commission. Moreover, if the recommendations in the report be compared with the requests made by the interested parties who appeared at the hearings, it will be recognized by candid students that the commissioners did, in point of fact, observe and conform to the excellent rules suggested by the chairman at the beginning of their proceedings. It will not be admitted, of course, by those who hold a preconceived opinion that the commission was a "packed" body, and who judge its conclusions by the act of Congress that was based upon them.

The commission estimated that the reduction of duties it proposed would reach an average of 25 per cent. In a few cases an increase was recommended for special reasons, such as the adjustment of the tariff upon manufactured goods according to the amount of labor entering into the production. But in general the rates were left untouched, or reduced from a slight amount to 40 or 50 per cent. No attempt was made to state the precise amount of reduction. It does not appear from the debates in Congress that any attempt was made, by detailed examination, to ascertain the amount of reduction,[1] since each House was soon occupied in considering its own bill, which was based upon the *projet* of the Tariff Commission and yet was unlike it. Besides recommending changes in the rates of duty, the commission proposed a great many changes in the administration of the customs ser-

[1] Such a statement may have been made, but if so it escaped the eye of the writer in going over, necessarily without reading carefully, the hundreds of pages of the "Congressional Record" which the debates occupied.

vice. It also incorporated in the bill reported the important provision that inland transportation costs and charges should no longer be added to the invoice value of imported merchandise in obtaining the basis of an ad valorem duty. This was equivalent to a substantial reduction of duty upon bulky articles. The commission further proposed the creation of a customs court to take jurisdiction of all cases arising out of differences in interpreting the tariff laws.

The report was presented at the beginning of the second session of the Forty-seventh Congress, in December, 1882. It was referred by the House of Representatives to the Committee on Ways and Means, and by the Senate to the Committee on Finance. As this was the "short" session of Congress, both committees immediately began work upon the tariff, and made all haste to bring the measures forward for discussion in their respective assemblies. The constitutional requirement that bills for raising revenue should originate in the House would not, of course, prevent the Senate from discussing the tariff simultaneously with the other branch of Congress. The propriety of such discussion was dictated by the brevity of the time at command and the importance of economizing it by ascertaining the judgment of the Senate upon the multitude of questions involved. To this end use was made of a bill reducing internal revenue, passed by the House at the preceding session and debated at prodigious length in the Senate without action. In the end, as we shall see, this was the bill which became a law. It is an interesting fact that at the first session of the Forty-seventh Congress the same senators who subsequently opposed and obstructed the tariff bill purposely delayed the internal revenue bill, and did not attempt to conceal their exultation when at last the Republicans were reluctantly compelled to relinquish the hope of passing it at that time. Had the filibustering senators permitted the internal revenue bill to

pass at the first session the Senate would have had before it no bill to which it could attach a tariff as an amendment; and it would have been impossible to pass any tariff law in the time at the disposal of Congress.

The bill referred to was taken from the table and recommitted to the Committee on Finance. It was never suggested that this course was pursued in order to test the constitutional question, or with a view to override the objections of the House, or with any other object in view than to save time. The Finance Committee acted promptly, and its bill was taken up for consideration on the 10th of January. The House bill was reported by the Committee on Ways and Means on the 16th of January; and debate upon it began on the 25th. From that time until the last moment of the session the tariff was the chief topic of debate — usually in both branches of Congress at the same time. The report of its approval by the President is on the penultimate page of the 3777 pages of the "Congressional Record" for that session. The report of the debates, up to the time when the Senate passed its own bill, occupies almost 1275 pages of the "Record." That was not the end of the matter, for the consideration of means to bring about an agreement between the two houses involved further prolonged discussion.

To summarize such a debate is simply impossible. Yet it is necessary to take a broad and comprehensive glance at the course of proceeding in view of the remarkable situation that developed.

The Senate, as is its usual practice, began the discussion of the details of the bill at once, without the "general debate" which, in the House, precedes consideration of amendments. Many set speeches on the tariff were, nevertheless, made in the Senate during the session, each senator choosing his own time for the delivery of his sentiments. During the weeks of consideration of the bill

there was an unceasing struggle between the advocates of low, exceedingly low, duties and the high tariff protectionists. But it is not to be supposed that the contending forces were like two armies, closely organized, fighting pitched battles. The number of those who were always in favor of high duties was exceedingly small; so, also, was the number of those who never voted for high duties. On the one hand there were Southern Democrats who found merit in propositions to maintain high rates upon oranges, sugar, and zinc; on the other hand, there were Eastern senators who thought the impost upon wool too high, and Western senators who favored a decrease of the duties on many manufactured goods. Upon the whole, the Senate being closely divided politically, the advocates of low duties had a decided advantage. The bill, as reported by the Committee on Finance, proposed a scale of duties distinctly higher than that recommended by the Tariff Commission; but the Senate rejected a great many of the amendments offered by the committee, and in cases not a few it fixed lower rates than those suggested by the commission. The tedious labor of the Senate came to an end on the 20th of February, late in the evening, when the bill was passed by a vote of yeas 42, nays 19. The negative votes were, with one exception, those of Democratic senators, but no less than ten Democrats voted for the bill. They did so, doubtless, not as approving it even in the main, but for the reason that it proposed a large reduction of duties.

The situation in the House was quite different from that in the Senate. There was a strong protectionist majority. The bill reported by the Committee on Ways and Means, like the Senate bill, proposed a reduction of duties much less than was proposed by the Tariff Commission. Numberless amendments were offered, and the scheme of the committee was attacked in almost every line of the bill. Only one important amendment was

carried. The House — or rather the Committee of the Whole — refused emphatically to restore sulphate of quinine to the dutiable list. But progress was extremely slow. Day after day was wasted in debate upon unimportant articles; and upon such subjects as iron, glass, and sugar the discussion would have been interminable but for the frequent orders by the House to close debate upon the pending clause. The revenue reformers, or free traders, were aggressive, patient, persistent, and ready to dispute and oppose every duty proposed in the bill. It became evident at last that if the consideration of the bill were to proceed at no more rapid rate than in the past, the bill itself would not get out of Committee of the Whole before the end of the session and of the Congress.

In order to bring the bill to a vote Mr. Haskell, of Kansas, on the 17th of February, made a motion that when the Committee of the Whole resumed the consideration of the tariff bill "all debate on the pending section of the bill, and all amendments thereto, be closed in one hour." The effect of this motion would be to bring the discussion of all the schedules imposing duties to an abrupt close. The point of order was instantly made that such a motion violated the rule of the House regulating the consideration of bills by the Committee of the Whole. The question of order was discussed for an hour or more with not a little warmth, but it was not decided; it was cut short by a special order, the delivery of eulogies upon a deceased member; and the House bill, on which so much disputation and oratory had been expended, was never again taken up for consideration.

It will be seen that the parliamentary situation was most peculiar. The House, which was strongly protectionist, was unable to bring its own bill to a final vote. The Senate, which was evenly divided, had passed a bill to which there were two objections, although both objections were not in all cases urged by the same members. It

reduced duties much more than most of the Republicans deemed expedient or just; and it violated the principle which the House had asserted most emphatically only a few years before, when that body refused to consider a bill originated by itself on the ground that there was a reasonable limit to the power of the Senate to amend revenue bills.[1] The case was even stronger in 1883 than in 1872, for in the earlier case the House sent to the Senate a bill repealing the duties on tea and coffee, whereas the bill of 1883 reached the Senate as a proposition simply to reduce internal revenue, and as it passed the House made no mention of tariff duties. Nevertheless, as the matter stood it was necessary either to waive the point or to abandon the attempt to pass a tariff act. There was still another complication which gave the Republicans much uneasiness. It was known that there was a group of members of their party who would be glad to accept the low rates fixed by the Senate bill, and it was feared that there were some other members who were disposed to vote for concurrence with the Senate, either because they thought it wise politically so to do, or because they apprehended a total failure of the tariff legislation unless they accepted the measure as it was. Evidently the situation demanded careful handling.

The course of procedure was agreed upon in a caucus of the Republican members. So much of it as was a matter of parliamentary strategy was placed in the hands of Mr. Reed, of Maine, who afterward became famous as a reformer of parliamentary law, and the ingenious inventor of measures which put an end to the power of a minority permanently to defeat and frustrate the purposes of the majority. On the 24th of February he reported from the Committee on Rules the following proposed new rule: —

During the remainder of this session it shall be in order at any time to move to suspend the rules, which motion

[1] See page 179.

shall be decided by a majority vote, to take from the Speaker's table House bill No. 5538, with the Senate amendment thereto, entitled "A bill to reduce internal revenue taxation," and to declare a disagreement to the Senate amendment to the same, and to ask for a committee of conference thereon, to be composed of five members on the part of the House. If such motion shall fail, the bill shall remain upon the Speaker's table, unaffected by the decision of the House upon such motion.

The proposition was wholly unprecedented. The rule provided for a suspension of rules by a majority of members, instead of two thirds; it authorized a motion to non-concur, but not one to concur in the Senate amendment; and in case of the failure of the motion, it sent the bill back to the Speaker's table, from which it could not be taken save by a two thirds vote. To propose a conference before the Senate had insisted on its amendment, and a committee of five members, instead of three, were also novelties in congressional practice, although not important ones. The Democratic members were astounded at the audacity of the programme. When the new "rule" was taken up for consideration on the 26th of February, Mr. Blackburn, of Kentucky, made a most vigorous and pungent speech upon his own point of order that the rule was not in any sense a rule. He called attention to the fact that a conference was asked for upon a bill not one sentence of which, after the enacting clause, was ever in the House before; for the Senate had made an entirely new scheme of internal revenue reduction, beside attaching a tariff to the measure. He asserted that a pledge had been circulated among the Republican members, and that the signatures of a majority of the House had been obtained to a promise to stand by the motion to non-concur; and he taunted the leaders with an unwillingness to trust to the pledge. "You dare not," he said, "allow a vote to be taken to concur in the Senate amendments to the text of the bill."

It would be useless to deny that there was much truth in Mr. Blackburn's assertions. Yet the Republicans who, in debate, were too shrewd to give the reasons for their action or to defend the principle upon which their new "rule" was based, might have admitted the accuracy of all that he said, and have justified themselves, nevertheless. They had a majority in Congress; the President was a Republican; they were responsible for the administration. They would be held accountable for all legislation. They were not satisfied with the bill as it passed the Senate. A few of them, uniting with the Democrats, might form a temporary majority in favor of the bill. But in that case it would not be a Republican bill, and the result would be that they would be answerable as a party for a measure of which a majority of them disapproved.

Moreover the Senate bill was confessedly a crude piece of legislation. The Senate itself recalled the bill from the House, in order to correct several important clerical errors. There were many inconsistencies and even contradictions in its text. A vote to concur would have cut off every opportunity to make amendments without which the administration of the law would have been beset with difficulties and its interpretation would have led to contrary decisions and expensive litigation. Possibly this last consideration would not have controlled the Republicans but for the fact that they were not satisfied with the Senate bill. That was their real motive. They had a choice between adopting an extraordinary means of making it satisfactory, or of abandoning the measure and giving up the power to a Democratic House of Representatives, already elected, the term of which would begin on the 4th of March. They chose the extraordinary measure. A somewhat similar situation confronted the Democratic party eleven years afterward. They were perhaps not strong enough to adopt a course corresponding to that of the Republicans

in 1883; but whether their action was dictated by preference or by necessity they became politically responsible for a tariff act which represented the views of a mere handful of the members of their own party. In a party sense it would have been vastly better policy if they had coerced the minority into submission, or, failing in that, had suffered the bill to be defeated. So, in 1883, the Republicans did wisely in insisting that the tariff should be one which they were willing to defend. The people quickly forgot by what means its passage was secured.

There was a heated debate upon the proposed rule; it was adopted, on the 27th, by a vote of 129 to 22, a party vote, but most of the Democrats refused to answer to their names in order to break the quorum. Immediately after the adoption of the rule Mr. Hammond, of Georgia, a Democrat, introduced a resolution declaring that the action of the Senate in substituting a new bill under the form of an amendment was in conflict with the true intent and purpose of the Constitution, "and that therefore said bill so amended do lie upon the table." Mr. Hammond and those who followed him on the same side had no difficulty in finding abundant Republican authority for their contention that the Senate had transcended its constitutional power. They made particular mention of the strong assertions of the rights of the House of Representatives by Messrs. Hoar and Dawes, of Massachusetts, both representatives in 1876, and both senators in 1883, and by General Garfield, and others. Few of the Republicans were disposed either to take the opposite ground or to insist upon an alleged right which would defeat tariff legislation altogether. Mr. Kasson, of Iowa, offered a substitute for Mr. Hammond's resolution, reciting that "this House, insisting always upon its privilege under the Constitution to originate all bills for raising revenue and waiving no right thereunder in respect to" the pending bill, declares disagreement with the Senate amendments and asks for a

committee of conference. Mr. Kasson, in the course of the debate, put the constitutional question in compact form. "I will answer the gentleman from Colorado with the Constitution itself. Have we sent them a tariff[1] bill? He answers, yes. Have the Senate amended it? Yes. How far have they amended it? That is not a constitutional question. How far is for the consideration of the Senate, and then for the consideration of the House afterward. The Senate has the right of amendment; that no man can deny; and if the Constitution does not contain the limitation upon that right, how can we fix the limitation without the authority of the Constitution? . . . We must not run wild on the theory that the rules of the House of Representatives make the Constitution that governs both bodies."[2]

Mr. Haskell, of Kansas, effected a diversion of the debate by proposing another substitute, reciting in a preamble the contention of the House that the Senate had exceeded its privileges, and directing that if the bill should be referred to a conference, the members on the part of the House should consider the constitutional question, should bring the objections of the House before the committee, and subsequently, "if necessary, in their opinion," the conferees "may make report to the House in regard to the objections to said bill herein referred to." This, under cover of a strong assertion of the rights of the House, permitted a silent acquiescence in the action of the Senate in case the members of the conference committee on the part of the House did not think it necessary to pursue the matter further. Although in the debate which ensued two prominent Democrats expressed most emphatically their opinion that the Senate's right to amend a revenue bill was absolute and unqualified, yet there was a strict party vote on the question of substituting Mr. Haskell's resolution for that

[1] The context shows that he meant to say "a revenue bill."

[2] "Congressional Record," Forty-seventh Congress, second session, p. 3340.

of Mr. Hammond. The vote on adopting the resolution as amended was, yeas 139, nays 122, — one Republican voting in the negative. Next the House adopted the motion authorized by the new rule, 147 to 111. On this vote several Democrats voted in the affirmative.

The Senate agreed to the conference and five senators, three Republicans and two Democrats, were appointed as members of the committee. When the committee met, the House members presented the view of the constitutional rights of the House as set forth in Mr. Haskell's resolution, whereupon the Democratic senators declined further to participate in the consideration of the bill, on the ground that under the instructions of the House to its committee there could not be the "full and free" conference which comity between the two branches of Congress demanded. The vacant places upon the committee were offered successively to many of the Democratic senators, but they one and all declined to serve, and ultimately two Republicans were appointed to make up the quota of the Senate.

All these proceedings took time, and it was only on the 1st of March, after the rejection by the Senate of a motion directing its members of the committee to withdraw from the conference, that the committee was finally constituted. It worked most industriously after that, if indeed the Republican members had not been laboring before the vacancies were filled, and on the next day the report was presented in the Senate. There was an outburst of indignation and protest by the Democratic senators at the liberal construction placed by the committee upon its powers. In several instances, particularly in the schedule of iron and steel duties, the committee had reported higher rates of duty than had been voted either by the Senate or by the House. It was maintained that the conference committee had the right to do no more than recommend that one branch or the other should recede and concur with the House with which it was in

disagreement, or to propose a compromise between the two; and that it might not bring in a new rate of duty upon an article regarding which there was no disagreement, or propose a higher rate than either branch had fixed. The defence of the committee was that the Senate had made but a single amendment, which embraced a complete tariff, that the House had disagreed to the whole amendment, and that consequently the committee was left entirely free to fix the rates without reference to votes of the House upon another bill. They also asserted the fact, which of course does not affect the principle of their objection, that the cases of a higher rate than that fixed by either branch were extremely few, and were for the purpose of harmonizing the schedules. The point was a technical one, and the Republicans had the power to carry out their will. That is to say, they had the power with the assistance of Mr. McPherson, a Democratic senator from New Jersey, and of Judge Davis, of Illinois, an Independent. The report was concurred in by a vote of yeas 32, nays 31. The final vote was not taken until after midnight on the morning of the 3d of March.

As soon as possible after the opening of the session on March 3, Mr. Kelley, of Pennsylvania, the chairman of the Committee on Ways and Means, presented the conference report in the House. The opposition exhausted all the points of order that could be raised against the report, but were overruled by the Speaker. Finally, as a method of using up the time and of preventing the passage of other bills to which they were opposed, they demanded the reading of the whole report, including the full text of the bill. The report covers almost ten of the broad quarto pages of the "Congressional Record," in fine type, and the reading of the document, a printed copy of which was in the possession of every member, occupied several hours. Two hours of debate followed, and then

the report was accepted by a vote of yeas 152, nays 116. There was not a little cross-voting, chiefly by Ohio and Pennsylvania members. Nineteen Democrats, of whom six were from Pennsylvania, supported the bill; twelve Republicans, of whom five were from Ohio and four from Pennsylvania, voted against the conference report. The Democrats who broke away from their party acted avowedly as protectionists; the Republicans who acted independently did so because they regarded the bill as not sufficiently protective. The actual strength of the system of protection is therefore greater than the vote indicates. The most distinguished members who would not vote with the majority of their respective parties were Mr. William McKinley, Jr., of Ohio, and Mr. Samuel J. Randall, of Pennsylvania.

The concluding formalities were hurriedly performed, and the announcement that the President had approved the tariff act was made but a moment before the Congress reached the constitutional limit of its term.

The act of 1883 made a large reduction of internal taxes, the most of which it removed altogether. The taxes upon spirituous and malt liquors, upon tobacco, and upon national banks were all the important branches of internal revenue that were retained. Although the changes in the rates of customs duties were numerous, few of them were large enough to work a perceptible alteration in the conditions under which either commerce or manufacturing industry was prosecuted. The net importations during the fiscal year 1883–84 were, in value, 57 millions less than in the preceding year; the duties collected were 20 millions less; the ratio of duties to the value of dutiable articles was 42.45 per cent. in 1882–83; and 41.61 per cent. in 1883–84. In the year 1884–85 the value of importations further decreased by 90 millions, the revenue fell off 12 millions, and the ratio of duties to dutiable values rose to 45.86 per cent. These

figures are not presented as having any significance. The period was one of declining trade. Moderate as the decrease in rates was, it was a decrease and not an increase, and the effect theoretically should have been to stimulate imports. The increase of the ratio of duties to dutiable values, from 41.61 to 45.86 per cent. just mentioned; the ratio of 45.55 per cent. in 1885–86; and that of 47.10 per cent. in 1886–87 — if the facts mean anything — mean that there was a larger proportional importation of articles bearing heavy duties than of those on which duties were low, since there was no change in the tariff law in any of those years.

A good illustration of the difficulty encountered in attempting to draw any lessons from the operation of the law is afforded by the case of steel railroad bars. The duty prior to 1883 was $28 a ton, and in the last year of the imposition of that duty the importation was 69,000 tons. Of bars wholly or in part steel, the importation was 112,000 tons. In 1883 the duty was reduced to $17 a ton; and the total importation for the three following years, 1883–86, was less than 22,000 tons. It requires no argument to prove that the tariff was wholly without influence in producing that result. On the other hand, the unfortunate phrasing of the woollen schedule, under official interpretation, placed the manufacturers of worsted goods at the mercy of the foreign market. This was the period when worsted goods were supplanting woollen, and the blow at the industry was a severe one. Congress refused to rectify what was an evident error in the drafting of the act, the Secretary of the Treasury would not modify his ruling, and the unsatisfactory state of affairs continued until a change of administration in 1889 brought in a new Secretary who reversed the decision of his predecessor and gave effect to the manifest intent of Congress at the time the act was passed.

It has been said already that it was necessary for the

Republicans to pass the tariff act before the 4th of March, 1883, if they wished to control the legislation on the subject, for the congressional elections of 1882 had resulted adversely to them. The Democrats had a clear majority of almost 80 in the House of Representatives of the Forty-eighth Congress. They were powerless to carry through measures of their own, since the Senate, which had been evenly divided during the preceding biennium, now had a Republican majority of four, and the President, Mr. Arthur, was a stalwart member of the same party. But in spite of the unpromising situation, and with a wise purpose to signify their intentions to be carried into effect under more favorable political conditions, the Democrats resolved to propose a reduction of the tariff. Under the leadership of Mr. Morrison, of Illinois, chairman of the Committee on Ways and Means, a tariff bill was prepared and reported on March 11, 1884. The scheme of reduction was "horizontal." The bill provided generally that on articles in all the schedules except those relating to liquors and silk goods — which were left unchanged — the duties should be eighty per cent. of those imposed by existing law. It was further provided that no cotton goods should bear a higher rate than forty per cent.; no woollen goods higher than sixty per cent.; and no metals higher than fifty per cent.; but no duty was to be lower than that levied by the "Morrill" tariff act of 1861. Salt, coal, and lumber were added to the free list.

Mr. Morrison, on April 15, asked the House to go into Committee of the Whole to consider the bill. His motion was carried by only two majority, yeas 140, nays 138, a vote which clearly foreshadowed the defeat of the measure, revealing as it did the existence of a strong Democratic opposition to an overthrow of the protective system. Some of the members based their hostility to Mr. Morrison's plan upon their objections to the principle of horizontal reduction, but it is safe to say that they would have found other

reasons for the same position had the bill been in the usual form of a tariff revision. For two or three weeks the bill was under consideration daily in Committee of the Whole, and all the time was given up to "general debate," which signifies a series of set speeches, each for the most part independent of all others, and prepared with a view rather to its being read by the constituents of the honorable orator than to its being listened to by his fellow members. No new arguments on either side of the question were presented, but the old ones were repeated at wearisome length. Many of the members endeavored, perhaps successfully, to create an impression of their own erudition by introducing statistical tables into their speeches; but the use of identical tables in several speeches destroys the impression in the mind of one who takes a bird's-eye view of the debate, and is not seeking for the eloquence of individual statesmen.

General debate on the bill closed on May 6. When the first paragraph of the bill was read, for the purpose of amendment, Mr. Converse, of Ohio, a Democratic member, moved that the enacting clause of the bill be struck out. The motion was adopted in Committee of the Whole by a vote of 156 to 151, and the House confirmed the defeat of the bill, upon a roll-call, by yeas 159, nays 155, — a remarkable result in a House having nearly eighty Democratic majority. Forty-one Democrats voted against the bill; four Republicans in favor of it.

Notwithstanding the large reduction of internal taxation and the moderate reduction of customs duties by the act of 1883, the revenue was still excessive. The amount applicable to the payment of the public debt in the fiscal year 1882–83 was almost exactly one hundred million dollars. In 1883–84 it was still sixty-three millions. The necessity of a further remission of taxation was apparent to every one; and inasmuch as the excise was now limited to luxuries which by common agreement should be heavily

taxed, further amendment of the tariff was seen to be inevitable. The Republicans recognized the fact in the platform of their national convention in 1884, wherein they gave a pledge "to correct the irregularities of the tariff and to reduce the surplus, not by the vicious and indiscriminate process of horizontal reduction, but by such methods as will relieve the taxpayer without injuring the laborer or the great productive industries of the country."

The Democratic platform reflected the division in the ranks of the party. Instead of the plain and uncompromising principle of "a tariff for revenue only," which was promulgated in 1880, a policy of tariff reduction without abandonment of protection was outlined. "Knowing full well that legislation affecting the occupations of the people should be cautious and conservative in method, not in advance of public opinion, but responsive to its demands, the Democratic party is pledged to revise the tariff in a spirit of fairness to all interests. But in making reduction in taxes it is not proposed to injure any domestic industries, but rather to promote their healthy growth. From the foundation of this government taxes collected at the custom house have been the chief source of federal revenue. Such they must continue to be. Moreover, many industries have come to rely upon legislation for successful continuance, so that any change of law must be at every step regardful of the labor and capital thus involved. The process of reform must be subject in the execution to this plain dictate of justice: all taxation shall be limited to the requirements of economical government. The necessary reduction in taxation can and must be effected without depriving American labor of the ability to compete successfully with foreign labor, and without imposing lower rates of duty than will be ample to cover any increased cost of production which may exist in consequence of the higher rate of wages prevailing in this

country. Sufficient revenue to pay all the expenses of the federal government, economically administered, including pensions, interest and principal of the public debt, can be got under our present system of taxation from custom-house taxes on fewer imported articles, bearing heaviest on articles of luxury, and bearing lightest on articles of necessity. We therefore denounce the abuses of the existing tariff; and, subject to the preceding limitations, we demand that federal taxation shall be exclusively for public purposes, and shall not exceed the needs of the government economically administered."

In this declaration the Democrats explicitly admitted that the rate of wages was higher in this country than in the countries with which its industries are in competition; and that this fact establishes a just claim that, by means of an adjustment of tariff rates, American labor should be given security against such injurious foreign competition as would reduce that rate of wages. It was evident that the tariff was not to be an issue in the pending presidential canvass. There was already a revolt in the Republican ranks, caused by the nomination of Mr. Blaine, and it was the policy of the Democrats to widen the breach, and at the same time to make it easy for Republicans to pass over to their side. An assurance that no radical attack upon the protective policy was purposed was a step in that direction. The fact that most of the prominent leaders of the party had often expressed such an intention, and declared that it was irrevocable, and the further fact that only four years before it had been set forth as a part of the Democratic policy, suggest that there was much mental reservation on the part of those who subscribed to the platform. This is not so serious an accusation as it might appear to those who take no account of the practical conditions under which government by party exists. Theoretically a party platform should be a candid expression of the opinions and a frank exposition

of the policy of those who support the candidates of the party, and of the candidates themselves. But such are the differences of human minds that men would necessarily break up into many small groups, instead of arraying themselves in two great parties, if they were required, under penalty of being held insincere, to withdraw from a party to each and every proclaimed principle of which they could not give a conscientious assent. As a matter of practical politics every man is absolved from insincerity if he allies himself with that party which he believes will carry out the one or several policies which he deems "paramount." It is also virtually true that no general national platform of any party expresses in all its parts and words the innermost sentiments of any large number of those who profess to support it as a whole. In this respect a platform is much like a tariff measure. Possibly no senator or representative ever approved every item in any tariff bill for which he gave his vote.

It may be urged, and there is some force in the distinction, that in 1884 the Democratic party put forth the tariff opinions of a minority and not of a majority of its own members, and, considering the general prominence of the issue upon which its uncandid declaration was made, was guilty of a purpose to deceive. On the other hand it may be said that whatever the purpose may have been the most unsophisticated of politicians was not deceived; and, which is more important, that the tariff was really not an issue in the canvass then beginning. Mr. Cleveland was elected President, and in his first message to Congress echoed the Democratic platform. "The proposition with which we have to deal is the reduction of the revenue received by the government, and indirectly paid by the people, from customs duties. The question of free trade is not involved, nor is there now any occasion for a discussion of the wisdom or expediency of a protective system. Justice and fairness dictate that in any modification of

our present laws relating to revenue the interests and industries which have been encouraged by such laws, and in which our citizens have large investments, should not be ruthlessly injured or destroyed. We should also deal with the subject in such manner as to protect the interests of American labor, which is the capital of our workingmen. Its stability and proper remuneration furnish the most justifiable pretext for a protective policy. Within these limitations a certain reduction should be made in our customs revenue."

The Forty-ninth Congress, to which these words were addressed, contained a Democratic majority of about forty in the House of Representatives, and a Republican majority of six in the Senate. Mr. Morrison was again the chairman of the Committee on Ways and Means. On April 14, 1886, he reported a tariff bill making numerous reductions and changes in the rates of duty. The plan of reduction horizontally was abandoned. On June 17 Mr. Morrison moved that the House resolve itself into Committee of the Whole for the consideration of the tariff bill. The motion was rejected, yeas 140, nays 157. Four Republicans supported the motion; thirty-five Democrats opposed it. Mr. Morrison gave notice that next week he should renew the motion. Subsequently he announced formally that he abandoned his intention, since he was convinced that a second vote would result like the first. The controversy over the tariff engendered, at this time, an unusual amount of political ill-feeling. Mr. Samuel J. Randall, of Pennsylvania, was at this time, as he had been previously, the representative and the leader of the protectionist wing of the Democratic party. It was probably not supposed by the advocates of radical tariff reduction that he would support their measure, but the fact that he had so large a following made them angry, and they manifested their exasperation in language that went to the verge of parliamentary license. The party

newspapers, restrained only to the degree of their self-control, denounced him and his associates in terms of great violence. Mr. Randall himself offered a bill embodying his own ideas of the proper extent and method of tariff reduction. The Committee on Ways and Means, having on its docket two or three score of tariff bills which it allowed to slumber and die in the committee-room, singled out that of Mr. Randall for the honor of an adverse report. Neither the bill nor the report was considered by the House.

It cannot be said that public opinion was aroused on the tariff question at this time. The political press discussed it vigorously, but the subject was not then, nor has it ever been, one which engrossed the public mind, which was the topic of earnest debate among neighbors around the stove in the country store. Hundreds of pamphlets were issued by leagues and associations formed for the purpose of moulding popular opinion. Yet there is no evidence of any sort, certainly none in the result of elections, that the people, the common people, if the expression may be used without offence, were thinking about the tariff. They voted each man with his party. Protectionist Democrats and free trade Republicans maintained their old political associations, either from the force of habit, or because they regarded other issues as more important than the tariff.

The next step in the great contest would have made the tariff a popular issue, if anything could have done it. The President startled the country at the opening of the Fiftieth Congress by devoting the whole of his annual message to the single topic of a reduction of the surplus through a revision of the rates of duties upon imports. In so doing he departed from the unbroken usage of all the Presidents for well-nigh a hundred years. The text upon which he based his urgent appeal for a remission of duties was the redundancy of the revenue, which left a

considerable surplus after the demands of the sinking fund had been met. The result was an accumulation of funds in the Treasury, for which there was no outlet, and a corresponding withdrawal of loanable funds from the channels of business. The President examined briefly, and rejected, the plan of disposing of the surplus by repealing internal taxes, and quickly reached the consideration of his main thesis: the necessity of making a large reduction of tariff duties. It does not seem expedient to summarize the message nor to quote largely from it. Its significance and its weight were derived almost exclusively from the position occupied by its author. It contained no novel arguments, but are there any new arguments yet to be presented on either side of the question? The message did restate many of the principles of the orthodox English school of political economy. Coming from the pens of those who most frequently and with the most confidence announce them, these principles are held frankly and openly to lead logically to free trade — that is, to a system of tariff taxation which not merely does not give "incidental protection," but is contrived with the express purpose of excluding protection. Mr. Cleveland put himself in the singular position of arguing against the justice, the wisdom, and the efficacy as an economical policy, of a protective system, and yet of protesting that "our progress toward a wise conclusion will not be improved by dwelling upon the theories of protection and free trade. This savors too much of bandying epithets. It is a condition which confronts us, not a theory." The President was able, no doubt, to reconcile his use of the stock arguments in favor of free trade in indicating the sort of tariff bill he desired Congress to pass, not merely with the widely different language he had used in his first message, but also with his own conviction that he was not asking Congress to adopt a free trade policy, and that he was dealing wholly with a condition and not at all

with theory. Neither those who favored nor those who opposed his recommendations have succeeded in effecting the reconcilement. It was not a protectionist, but the London "Daily News," an uncompromising supporter of free trade, which said that "the President does not seem to perceive the effect of his own arguments, or even the meaning of his own words." The "News" was not alone in its judgment. If there was no other English journal which made so personal an application, there was not one which did not treat the message and speak of it as a free trade state paper.

On another point all men at home as well as abroad were in perfect agreement. It was universally admitted that the President had exhibited splendid courage. There were, to speak broadly, no issues of a vital nature dividing men into parties. The old questions that arose out of the Civil War had been fully decided. A certain part of the Republican legislation stood, a part had been nullified by adverse decisions of the Supreme Court, a part had been superseded by acts of the Southern white people, outside of the law and contrary to law, and nevertheless unpunished and unpunishable. The Republicans had not the strength necessary to enact additional laws to secure what their earlier laws had but partially accomplished; they lacked the courage to appeal to the people for authority to finish the work. Accordingly the Southern question was virtually closed. The free coinage of silver, on the other hand, had not yet become in a true sense an issue between parties. Neither in the Republican nor in the Democratic organization was the preponderance of opinion so strongly in favor of free coinage or opposed to it that either faction ventured so to phrase its sentiments as to drive the other faction into the ranks of the opposition. Administrative reform, also, was rather an aspiration of the best element in both parties than a guiding principle of either party. Thus the situation was as if, in

war, two opposing armies had occupied their camps so long that they had forgotten the original cause of their quarrel. They might have their periodical skirmishes, even now and then a pitched battle; but when the conflict of the day was ended they both retired to the tents they had left in the morning, with no thought of advancing and of occupying conquered territory.

Mr. Cleveland changed all this. He announced a policy. He summoned the army whose commander he was to enter upon an active campaign with an end in view. It matters not whether one regards that end as a wise or as an unwise one, whether it was politically expedient or inexpedient to take a course which was likely to drive out of the camp those who had no heart in the campaign he proposed, and which might or might not attract recruits who had deserted from the other army. It still remains true that his boldness challenged the admiration of all. Moreover it strengthened the party, in its spirit if not in its numbers, by putting into it a definite purpose in place of languid indifference. Since that time, up till the close of the century, at least, the Democratic party has never been without a purpose. It has not long held to the same purpose, but it has stood for a well-defined policy.

The message was of course received with delight by the free trade newspapers and by all men in public or in private life who were urgent for a reduction of tariff rates. The Republicans were hardly less pleased than the revenue reformers; they professed satisfaction that the Democrats must now "show their true colors." They themselves had consistently declared their adhesion to the principles of protection. Their political opponents, on the other hand, had proposed and supported measures which weakened protection as to some industries and destroyed it altogether as to others, all the time protesting that they were not seeking to establish free trade, but only to relieve the burdens of tariff taxation. Now they

were, in following the recommendations of the President, to base their action upon the stock arguments, the only logical conclusion of which was absolute free trade.

Before the country had begun to recover from its surprise at the President's bold move, only two days after the message was sent to Congress, the New York "Tribune" printed an "interview" with Mr. Blaine, who was then in Paris, examining in detail and condemning sweepingly the position taken by Mr. Cleveland. He discovered and exposed the weak points in the message, and with his customary adroitness and felicity of language gave the Republicans the elements of an answer to the President. The reception of Mr. Blaine's "Paris message" was a counterpart to that given to the official message. The Republicans praised it without stint; the Democrats sneered at it as the production of an ignorant person whose pretensions to statesmanship were at once and forever extinguished by his own act. Three or four leading Republican papers in the Northwest joined with the Democrats in praising and accepting Mr. Cleveland's principles, and in dissenting from those of Mr. Blaine. Their action was greeted by some of the free trade journals as a serious "split" in the Republican ranks and as a portent of the great victory soon to be won by the revenue reformers. There was, as any observer might have seen, a much more serious dissension in the ranks of the Democratic party, less obtrusively manifested than the Republican dissent, but obvious to all who were not wilfully blind. On both sides of the dividing line party discipline was strong enough to restrain most of the would-be mutineers from translating their murmurs of dissatisfaction into acts of open desertion.

Mr. Speaker Carlisle appointed Mr. Roger Q. Mills, of Texas, to be chairman of the Committee on Ways and Means. Mr. Mills was no mere "revenue reformer," he was an avowed free trader. His opinion upon the charac-

ter and the effect of protection was expressed in a resolution already quoted, introduced by him in the Forty-fifth Congress.[1] His Democratic colleagues were, most of them, as radical as he. It is, of course, no just ground of complaint or criticism of the Speaker that he constituted a committee of which only one member of the dominant party represented a large manufacturing community, or even a State in which manufacturing industry was an important source of its wealth. The States represented by the eight Democrats were Texas, Tennessee, Arkansas, Kentucky, Georgia, West Virginia, Pennsylvania, and Indiana. From the Speaker's point of view manufactures and manufacturers were entitled to no special consideration. The theory which he and his party associates held, that the tariff must be reduced in the interest of the great body of the people, and with no other tenderness for the so-called rights of manufacturers than was necessary to avoid a too abrupt and injurious change, made it entirely proper to disregard the claims of manufacturing centres to be represented upon the committee. The Republicans made much of the predominance of the South in the composition of the committee, but their objections were founded upon a principle of their own, which the Democrats did not concede.[2]

Another objection which they raised, and which like the other was futile, concerned the manner in which the tariff bill was framed. It was not a new practice to exclude the minority members of the committee from the counsels of the majority until the bill was ready to be reported. But in this case there were dark hints that the measure was concocted in a subterranean room in the

[1] See page 197.

[2] One of the tables presented by the Senate Committee on Finance, in criticism of the Mills bill, made a separate enumeration of articles of American production affected by the proposed changes in the tariff, and showed that the "cotton States" produced such articles to the value of $91,870,794, and the other States to the value of $1,715,400,518.

Capitol, that the committee entrusted the preparation of its machinations against the manufacturers to certain professional pamphleteers of the free trade school, and that clerks in the Treasury department were detailed to assist in making the bill as harmful as possible to the protected industries. All this was merely the partisan way of exciting early opposition to the bill which was not yet made public. The refusal of the committee to give hearings to those whose interests were — from the protectionist point of view — at stake, was quite justified, if the principle of the Democratic leaders be accepted. They maintained that the withdrawal of protection would be of general advantage, and that ultimately it would benefit manufacturers. Why, then, should they listen to men who came to protest against a reduction of the tariff? As for the machinery by which the bill was prepared, they adopted the method most convenient to themselves. They did not expect their work to commend itself to the Republican members of the committee. Consequently, a discussion of details with men whose purposes were fundamentally different from their own would be fruitless and a waste of time.

Notwithstanding the extraordinary assistance from without which the committee is supposed to have had, and its freedom from partisan opposition in the preliminaries, the bill was not in a state to be reported to the House until April 2, four months after Congress was informed by the President of the instant need of a reduction of the surplus. The Republicans were prepared to find the "Mills bill" unsatisfactory in the whole and in all its parts, and their expectations were not disappointed. The main features of the measure were: (1) a transfer of raw materials to the free list; (2) a large substitution of ad valorem for specific duties; and (3) a general reduction of protective duties.[1] The bill was not, like that of 1883, for

[1] A flash of light was afterward cast upon the preparation of the bill by Mr. Mills himself. Discussing the duty on tannic acid, when the act of

example, a complete revision of the tariff, but changed the rates of duty upon those articles only which were specifically mentioned. Moreover, the arrangement of the bill did not recognize the classification of dutiable articles by schedules as under the existing law, and as in every tariff act since that time. Among the articles that were placed upon the free list were wool of all kinds, salt, unmanufactured and certain kinds of manufactured lumber, soap, bricks, paper, pulp, lime, unmanufactured flax, hemp, and jute, tin plates, and cotton-ties. For the elaborate woollen schedule of the existing law was substituted a provision assessing 40 per cent. ad valorem upon all woollen and worsted goods except paper-machine felts, and certain low grades of carpeting, — which bore 30 per

1894 was under debate in the Senate [May 10, 1894, "Congressional Record," p. 4573], he said: "My friend [Mr. Allison] has mentioned the fact that there were some specific duties in the Mills bill. I want to say here, once for all, about that bill, that I worked for six months at home by myself to prepare a bill, and had it printed here for my own satisfaction, so as to enable me to proceed more easily with the work on the line of the Walker tariff, without a single specific rate of taxation in it, except on those articles the like of which bear an internal revenue tax in the United States — whiskey, perhaps. I do not know that there was anything else except alcohol. When I got to work with my brethren on the bill I found it would not go, and I had to abandon my ad valorem tariff bill. The schoolmaster had not been sufficiently around, and for a long enough time, to bring our people back to the Democratic principle of taxation as to value." Aside from the fact that Mr. Mills was probably the first statesman who ever undertook "at home" and without assistance or advice to frame a complete tariff bill — a fact which seems to require no comment — there is in the foregoing passage a hint at a piece of secret political history. According to his own statement Mr. Mills had been at work for six months upon his tariff bill before the beginning of the first session of the Fiftieth Congress. It seems fair to conclude that he had been informed by Mr. Carlisle that he would be appointed chairman of the Committee on Ways and Means, in case he himself should be elected Speaker, — and there was no opposition to him. There is nothing to indicate that the President had communicated either to Mr. Carlisle or to Mr. Mills his intention to force the tariff issue by his remarkable message to Congress. He may have done so, but Mr Mills's action may be explained without assuming that he knew the President's purpose.

cent., — and fancy articles, which were charged 50 per cent. The cotton schedule likewise was abolished, and a uniform duty of 40 per cent. was proposed upon all cotton manufactures. The reduction of duty upon iron and its manufactures was not so great as upon cotton and woollen goods; and the reduction of the sugar duties was still less, — only 18.5 per cent. A statement by the chief of the Bureau of Statistics, presented by Mr. Mills in his final speech upon the bill,[1] estimated the remission of duties at $50,591,637, of which $19,758,846 was by additions to the free list, and $30,832,791 from reductions in the rates of duty.

"General debate" upon the bill began on the 17th of April, 1888, and continued until May 19. On nearly every one of the intervening days, a great part of the time the House was in session was given to speech-making on the tariff. Mr. Springer, of Illinois, who presided over the Committee of the Whole, said in a speech on the 19th of July[2] that one hundred and fifty-one speeches were made during the general debate, and that they occupied one hundred and eleven hours and fifty-four minutes. It is needless to say that not one of the speeches was made with the idea that the arguments adduced would change the opinion or the vote of any member. They were, without exception, inspired by and permeated with a political purpose. A presidential election was approaching, and it seemed to be certain that the tariff would be the chief issue in the canvass. Congressional elections also were impending; these speeches, circulated by their authors, would impress voters with a sense of the fitness of sitting members. Mr. Springer believed that "as long as our government shall endure, it shall be known as 'The Great Tariff Debate of 1888.'" The occasion having passed

[1] "Congressional Record," Fiftieth Congress, first session, part 7, p. 6659.

[2] *Ibid.* p. 6518.

which gave a certain interest to the long, dreary, academic speeches, they have become as dry and flavorless as is the once famous debate upon the hanging of Arbuthnot and Ambrister by Jackson, in the first Seminole War. There should be a few exceptions to this sweeping remark. The speeches of Mr. Carlisle, the Speaker, in favor of the bill, and of Messrs. McKinley, of Ohio, and Reed, of Maine, in opposition to it, are well worth reading even at this day. Mr. Reed's speech in particular, not only is characteristically picturesque and novel in its presentations of the protectionist argument, but is filled with specimens of that keen wit for which he afterward became famous.[1]

After "general debate" closed there was an interval of a fortnight before the bill was taken up for consideration by paragraphs. This stage of the proceedings lasted from May 31 until July 19, during which period, according to the statistics furnished by Mr. Springer, the bill was debated on twenty-eight days, and the time consumed was one hundred and twenty-eight hours. The discussion of the details of the measure was of a higher class of debate than the "general" speech-making. Members devoted themselves to the presentation of facts and figures to show the probable working of particular provisions of the Mills bill. The Republicans, naturally, set themselves the task of proving the destructive nature of the changes proposed. They attacked the inconsistencies, — the failure, for example, to put iron ore and coal, as "raw materials," on the free list; they criticised the favor shown to the South in the exemption of cotton-ties and burlaps from all duty, and the slight reduction of the duty on rice; they dwelt upon the neglect to relieve the people of a heavy burden of taxation by a large reduction of the sugar duty; they were particularly severe upon what they characterized as the hostility of the Democrats toward the woollen and the lumber industries. As to all these and other matters

[1] "Congressional Record," Fiftieth Congress, first session, p. 4440.

the Republican members employed statistics and fortified their positions by reading letters and papers prepared by experts in each branch of industry.

For the most part the Democrats made no verbal defence of the provisions of the bill. They did not even make answer to the general proposition that the reductions in the rates of duty would result in an increase of importation and an augmentation rather than a diminution of the revenue. They allowed the criticisms of the Republicans to go unanswered. It must be said that they displayed commendable patience and self-control in refraining from debate and in tolerating the numerous — always fruitless — propositions to amend the bill. A hundred times the Committee of the Whole rose to order the debate closed upon the pending amendment, but the majority had invariably permitted the debate to run for a reasonable time. Not once did Mr. Mills suffer a defeat upon any amendment offered by the minority. On the other hand, the Ways and Means Committee proposed few changes in the bill as originally reported.

While the bill was under discussion in detail in Committee of the Whole, the national conventions of the two great parties were held. The Democrats met at St. Louis on the 5th of June. Their platform may be characterized as an echo of the message of President Cleveland, whom they nominated for reëlection. Save the paragraphs in which the merits of the Democratic administration are set forth, the whole platform is devoted to the tariff — to denunciation of the policy of the Republicans and to an exposition of the purposes and principles of the Democrats. That it contained much of what Falstaff termed "damnable iteration" may be gathered from the following phrases, taken in their order, from this unique declaration of principles: "unjust and unequal tax laws," "excessive tax laws," "unequal system of tax legislation," "unnecessary taxation," "unjust taxation," "unnecessary tax-

ation," "unnecessary taxation," "superfluous taxation," "extravagant taxation," "unnecessary taxation," "burdens of taxation." These phrases occur in an argument to prove that the interests of labor were injured by the tariff system by an increase in "the price of nearly everything they [the industrious freemen of our land] buy," and that they would be benefited by "a revision of our tax laws, with due allowance for the difference between the wages of American and foreign labor." There was contention in the Committee on Resolutions over the question as to the extent to which explicit approval should be given to the pending Mills bill. Upon this question a compromise was made. The committee brought in an independent resolution of approval, which is quoted below, but it was not reported as a part of the platform. Inasmuch as it was adopted unanimously by the convention the distinction is not obvious. Both the platform and the resolution were, and were intended to be, a solemn expression of the political sentiments of the party, and if they did not carry equal weight, if one of them implied a more profound conviction than the other, which of the two was the weightier, and for what reason? The resolution was as follows: —

Resolved, That this convention hereby indorses and recommends the early passage of the bill for the reduction of the revenue now pending in the House of Representatives.

The Republicans were quite as emphatic as their opponents in their expressions of opinion upon the tariff and the Mills bill. At their national convention held at Chicago, beginning on June 19, they declared themselves "uncompromisingly in favor of the American system of protection." "We accept the issue, and confidently appeal to the people for their judgment. The protective system must be maintained. . . . We denounce the Mills bill. . . . We condemn the proposition of the Democratic party to place wool on the free list," and so on. The policy which

they proposed was embodied in an unusually definite statement. They would "effect all needed reduction of the national revenue by repealing the taxes upon tobacco, which are an annoyance and burden to agriculture, and the tax upon spirits used in the arts and for mechanical purposes, and by such revision of the tariff laws as will tend to check imports of such articles as are produced by our people, the production of which gives employment to our labor, and release from import duties those articles of foreign production, except luxuries, the like of which cannot be produced at home. If there shall still remain a larger revenue than is requisite for the wants of the government, we favor the entire repeal of internal taxes, rather than the surrender of any part of our protective system, at the joint behest of the whiskey trust and the agents of foreign manufacturers."

The whole of the Republican plan is quoted because, in the ensuing debates in the House of Representatives it was charged that the foregoing declaration was a plea for "free whiskey." In support of this position the Democrats quoted many times an editorial article published by a Western Republican paper which, in quoting with disapproval the foregoing extract from the Republican platform, interpolated in brackets the words "whiskey and tobacco" after the words "internal taxes" in the last sentence. It is quite unnecessary to express an opinion whether or not the declaration was in favor of "free whiskey," as every reader will undoubtedly have an opinion of his own. After the conventions were held the debate became more political than ever. It was certain that the tariff question would be the chief issue in the presidential canvass, and that it would control the result of the election so far as any matter of national policy would control it. One must not forget that the race question was never absent from the thoughts of the Southern people, and that upon that alone their electoral votes were always to be counted upon for the Democratic candi-

dates; nor that thousands upon thousands of the Northern people supported the Republican party from considerations altogether independent of the tariff; nor that in all parts of the country habit and long-standing association led men to vote as they had been accustomed to vote, irrespective of the principles set forth by their respective parties. Nevertheless, so far as men were impelled to separate themselves from former associates in the election of 1888, it was the tariff and nothing else which gave the impulse.

The protracted debate came to a close, and the House reached the final vote on July 21. On the passage of the bill the yeas were 162 and the nays 114. Fourteen members only were absent. Six Republicans voted in the affirmative; four Democrats in the negative, beside Mr. Randall, of Pennsylvania, who desired to be, but was not, paired against the measure.

The bill was sent at once to the Senate, and was referred to the Committee on Finance. Inasmuch as it was a political measure, and since the Senate was controlled by the Republicans, the committee took particular pains to avoid the methods of the Committee on Ways and Means, and, in general, not to do any of the things which the Republicans in the House had condemned as improper. They gave public hearings; the meetings of the committee were open for the members of the minority; the committee did not solicit the help of Treasury officers in framing their bill. The session of Congress was one of the longest in the history of the country, and the committee did not bring the bill back into the Senate until the 3d of October. On the next day elaborate reports were made,[1] — that of the majority of the committee, which was drafted by Mr. Aldrich, of Rhode Island, that of all the Democrats upon the committee except Mr. Beck, of Kentucky, and an independent report by that

[1] Report no. 2332. The reports themselves, and the tables and testimony accompanying them, form a volume of nearly 1500 pages.

senator. All these documents had a purely political purpose. Each of them upheld the policy of the party in whose interest it was put forth, and condemned the policy of the other party without reserve. They were all written with the intention to affect the result of the election then pending, and without any serious purpose to influence the action of the Senate. Indeed, there was no expectation whatever that final action upon the bill could be had during the session which was manifestly so near its end.

The bill of the Committee on Finance differed radically from the Mills bill. Its most important feature was a reduction of the duty on sugar by fifty per cent. There were numerous readjustments of duties proposed, — in some cases an increase of rates in the interest of protection, but the instances of this, which were few, were somewhat ironically excused by the committee on the plea that an increase of duty would diminish importations and so reduce the revenue. The debate, during the two weeks of the session that remained,[1] was "general," for it consisted entirely of set speeches upon the tariff question at large, and upon the wisdom of one party and the folly of the other party in their respective attitudes upon this issue. No vote was taken, and the consideration of the bill in detail did not begin. Seventeen days after the adjournment of Congress the election took place. The Republicans were successful. General Harrison was chosen President. The House of Representatives was carried by a narrow majority; the State legislatures gave promise of a Republican majority in the Senate. The result changed the whole situation. New York State was the critical point in the canvass, and it was openly charged that its vote for the Republican candidate for President was the outcome of "trading" and treachery, for the sake of saving the Democratic State ticket. Nevertheless, the tariff

[1] Congress adjourned on October 20.

had been the only real issue in the canvass, and the Republicans had a right to treat the result as a popular verdict for protection, and as a commission to make a tariff law of their own. They might have dropped the Mills bill and waited for the incoming of the new Congress. Certainly the Republican senators could have had no expectation that the Democratic House would accept a tariff bill of their making, nor that Mr. Cleveland would approve it if they did. Moreover the session of 1888–89 was the "short" session, which must come to an end on the 4th of March. Perhaps it was with the idea of giving the people an inkling as to the sort of tariff the Republicans would make when they should succeed to the government, that the Senate took up the Mills bill as revised by the Committee on Finance, on the third day of the session, — December 5, 1888. From that time until the 22d of January, 1889,[1] the bill was discussed as earnestly and seriously as if it were to become a law. Many of the features which were incorporated in the McKinley bill of the next session were introduced in the Senate bill. Inasmuch as the debate eventuated in nothing it is not worth while to follow it. On the 22d of January the bill was passed by a vote of 32 to 30.

On being returned to the House it was referred to the Ways and Means Committee, which raised a new, and yet an old, point in reporting it back to the House. The Senate, purely for parliamentary reasons, treated its revision of the House bill as one amendment, instead of many. That is, the Senate bill was a substitute for that of the House. The Committee on Ways and Means made the constitutional objection that the Senate bill was not an amendment of a revenue measure originating in the House, but a new measure, which therefore violated the Constitution and usurped one of the functions of the House. The report was never taken up for action, and the Mills bill

[1] Congress took a holiday recess from December 21 until January 3.

came to an end without a formal disagreement between the two houses of Congress. The constitutional question may arise again and again; but it is not likely to be decided according to the view taken of it by more than one House of Representatives. There is no authority to define the extent of the power of amendment given to the Senate; and inasmuch as a revenue law must be passed by both branches, the Senate can always place before the House the alternative of quietly accepting the view that the right is unlimited, or of permitting the bill to fail on which the controversy is raised. The House, when politically opposed to the Senate, will probably follow the precedent in the case of the Mills bill. When both branches really desire to pass the bill the prior precedent of 1883 will govern.

XVI

INDUSTRIAL TRANSITION — "THE M'KINLEY BILL"

THERE is an ancient story of a village parish which passed a series of votes: to erect a new church upon the site of the old, and to occupy the old house where it stood while the new one was building. During the last quarter of the nineteenth century the civilized world placed itself in a situation comparable to that which the historic parish proposed for itself. If the entire existing industrial structure was not actually torn down and rebuilt, the alterations, renovations, repairs, and improvements that were made in it were so extensive that it was well-nigh uninhabitable during the process. Vast communities of the human race were, so to speak, subjected to enforced removal from one apartment to another, to inconvenience, to loss, to economic maladies akin to the physical ailments which one contracts who occupies a roofless dwelling, exposed to storm and to winter's cold. The analogy completes itself when we observe that the new dwelling is vastly superior to that which it has replaced, — more commodious, convenient, and comfortable. It is not wholly finished. It can never be brought to the point where it is incapable of improvement, nor so near to perfection that those who inhabit it will be satisfied with it. But even as it is the conditions of living in it, for rich and poor alike, are so much better than they were five and twenty years ago, that it was well to endure the hardships through which the new conditions have been obtained.

The same period of time was that in which the agitation of the tariff question was as active as it has been at any

time in the history of the country. The advocates of free trade and their allies who professed to desire only a more or less radical reduction of import duties and a more moderate degree of protection, carried on an active campaign for reform; the protectionists put forth their utmost efforts to save the system and to maintain the rates, for in their view of the matter inadequate protection was not protection at all. The issue became more than ever one of political partisanship. Both parties appealed to the working classes. On the one hand the man who earned the wages of daily labor was assured that it was chiefly, if not altogether, for his sake and in his interest that protective duties were levied. Foreign goods were produced more cheaply than American goods because the American artisan received higher wages, — not merely higher daily wages, but more compensation for an equal production. If that were so, home competition with Europe under conditions of free trade could be effective only upon the condition of reducing home wages. Should that step not be taken, the mills and factories must close and the persons employed in them must be turned adrift to seek occupation in other industries already crowded.

On the other hand the workingman was told that the tariff was an evil and a curse. It was explicitly denied that the protective system caused an increase of wages or maintained the scale of wages. The tariff was represented to be a tax, a small part of the proceeds of which went into the Treasury, but a much greater part was paid indirectly to favored manufacturers through an increase of the price of their wares. It was charged that the tariff created monopolies, to the detriment of consumers, and that it was the mother of "trusts," which not only destroyed competition, but also had a tendency to degrade and enslave labor. It is undeniable that in a great many industries, in almost all at some time or other during the twenty-five years under review, the condition of labor was

extremely unsatisfactory. Now it was a general depression of business which so diminished the demand for goods that employment was slack. Again a change in the method of production caused a reduction of prices, and rendered imperative a lowering of wages. The managers of the anti-tariff propaganda took advantage of every such incident to arouse the hostility of the working-people to the protective system, and assigned to that as a cause all the evils of the times. In strikes and other labor disturbances they saw only the legitimate consequences of a vicious tariff system.

In view of what was taking place in the world during that period one may fairly maintain that the importance of the tariff was grossly exaggerated by the disputants on both sides. Although we were to concede without qualification the point contended for by the advocates of free trade, that the only effect of protection upon the wage-earner was unmitigated evil, the results of the great industrial commotion that was going on were of such magnitude that the consequences of the tariff would be quite imperceptible. On the manufacturer's side the same disturbances were causing him so much anxiety that the maintenance of the protective system merely saved him from one peril which might have been the fatal peril only because he was already so harassed on every side. The free trader did not perceive, nor did the workingman, nor did the manufacturer, that the lot of each was to be greatly ameliorated by events which while they were in progress caused them all infinite discomfort, and which seemed to threaten every one of them with ruin.

The period was a harvest-time for economic quackery, an era of success for loose thinking. The discomforts of a season of transition were assumed to be permanent, and the cause was sought in every direction but the right one. Those who are interested to see the amazing catalogue of fancied causes of the evils that were experienced may find

them in David A. Wells's "Recent Economic Changes."[1] The error which was the most persistent, the most widespread, the most pernicious of all, attributed these evils to faults in the monetary systems of the world, — to a failure to provide a sufficient supply of paper money, to the supposed deleterious influence of banks, to the degradation of silver and the disuse of it as the material of coin having the function of legal tender. That the philosophers who sought in these and other circumstances the causes of depression were wrong in their theories is proved by the fact that although every one of the conditions which seemed to them sources of mischief has been continued to the present time, the world was enjoying in the closing years of the century a season of greater prosperity than was ever before experienced. It occurred during the operation in this country of the highest and most thoroughly protective tariff ever enacted by Congress, during a period when the power of capital and the power of banks were at a maximum, when combinations of capital were most extensive, when silver was most depressed in price and most rigidly excluded from the mints of the world, and when the gold standard of money was most firmly established.

It is not sufficient to show that the fancied causes were not real. One must bring forward evidence that there were other agencies that operated more directly, and that they were, in tendency and in magnitude, an adequate explanation of the evils. In such a work as this, particularly when it is dealing with a collateral branch of the subject, the presentation of the great events which seem to account for the condition of the world during the period under consideration must be in outline and not in detail. The thoughtful mind will fill in the sketch and make it complete.

Man's chief wants are food, clothing, and shelter. In

[1] New York, 1889.

the primitive state each man provides them all for himself; as civilization advances the labor of the provision is divided and subdivided, the materials of the necessities and luxuries of life are drawn from a greater distance, and thus are created the three great agencies by which his wants are supplied: trade, manufactures, and transportation. Now one of the most striking developments of the quarter century from 1870 to 1895 was a vast extension of the area of production, and consequently of the markets for buying and selling. Yet this extension was only an intermediate cause of the great economic and industrial upheaval. It was itself caused, or at least made possible, by an increase in the means of communication to a degree never witnessed in any like period of the world's history. A statement that the tonnage of steam shipping engaged in international trade increased more than fivefold in the twenty-five years is impressive; but it fails to convey an idea of the enlarged facilities for the transportation of the products of all the continents to the wholesale marts of Europe and America. We must also consider the greater speed of steamships, which gave a larger annual carrying capacity per ton. Moreover, nothing less than a commercial revolution was wrought by the opening of the Suez Canal, just before the beginning of the period. In connection with submarine telegraphy[1] it changed completely the methods of commerce in dealing with the products of the great continent of Asia. The necessity of accumulating stores of Indian and Chinese goods in London warehouses in anticipation of a market was wholly removed. For an order sent by steamship around the Cape of Good Hope, and filled by the shipment of a cargo by the same route, was substituted an instantaneous telegram, and a cargo by a quickly loaded and swift-sailing steamship by the way of the canal.

[1] The first successful Atlantic cable was laid in 1867; in 1895 there were more than 150,000 miles of submarine cable in operation.

Consider what has taken place on land, particularly in this country. The railway mileage of the United States was more than tripled during the period. What is more important, the mileage of the northern States and Territories west of the Missouri increased from 12,000 to 78,000 miles. It is not an exaggeration to say that the few trunk railway lines which constituted the entire mileage of that vast region in 1870 would have been of little value in bringing to market the produce of the region, had it been inhabited by a producing community. There was, consequently, little inducement to settle in the country and raise crops for a distant market. But in the ensuing quarter century so much of the region as is capable of raising surplus crops has been covered with a network of railways, giving ever-increasing facilities in the number and speed of trains, and augmented benefits in the form of greatly reduced freight charges. The result has been a rapid settlement of the country. The area now covered by the fourteen States of the great Northwest, from Kansas to Washington, had an aggregate population of less than two millions in 1870; in 1890 they had more than seven millions; in 1900 nearly nine millions. The addition to the population of these States in twenty-five years was equal to the whole present population of New England. Not only are these great communities served by a comprehensive railway system, but the telegraph, also, which in 1870 hardly penetrated into their territory, now reaches almost every village. The telephone, too, unknown at the beginning of the period, everywhere supplements the telegraph system, and has acted an important part in changing the conditions under which commerce, great and small, is now conducted.

Some of the results of the changes just mentioned are apparent to the most careless observer. The settlement of the agricultural land of the Northwest has brought about a greatly augmented production of food, a shifting

of the centre of food production, and a new competition in food markets. Accompanying and promoting these results has been a prodigious increase in the efficiency and the use of agricultural machinery. What wonder is it that the price of grain has been permanently reduced below the former average level, or that hardship has been the lot of farmers upon inferior lands, or upon lands not favorably situated as to transportation facilities, or of farmers who have not, from any cause, made use of the improved means of tilling their land and harvesting their crops? The fierceness of competition which has come from the opening of new land may be inferred from the fact that the production of wheat in the States and Territories west of the Missouri was less than one sixth of the total production of the country in 1870; in 1895 it was much more than one third of a much larger total.

In the matter of the meat supply the changes have been of even greater importance. In 1870 the densely peopled regions drew their meat supply from near-by farming regions. The packing industry was in its infancy. Now all the great communities receive their provisions from the huge packing establishments of the West. Cattle, sheep, and swine are raised by the million on the great grazing lands, they are fattened on the corn grown in the middle West, are taken to the abattoirs to be slaughtered, and the products are transported all over the world. In 1890 the packing establishments produced meat to a value averaging nine dollars for every person enumerated at the census of that year. Meanwhile the system of local supply has been almost completely abandoned. To illustrate: in 1870 a considerable part of the meat consumed in Boston was received from central and northern Maine. In 1895 the chief meat supply of the Maine cities came from the grazing fields of the West.

These and other movements which there is not space to enumerate caused a great displacement and readjustment

of agricultural industry. Nevertheless, since a farming region is necessarily sparsely settled, the effect of a decline in prices or of a diminution of agricultural profit does not become obvious as does that of a pinch in the money market or of a labor strike. The effect is scattered over a large territory, and is felt here and there by men who do not meet to compare notes. A farmer who has been cultivating wheat upon a few acres, or fattening a few hogs, finds that the price has declined so much that he "cannot get back a new dollar for an old one." If he can discover no new and remunerative outlet for his energy there is presently an abandoned farm. Some of his neighbors come, one by one, into the same situation, and by and by a country town goes to decay. The dwindling away of population is gradual; it attracts but little attention; in itself it is of small importance. But the same causes producing a similar effect in thousands of small communities create in the aggregate an enormous change.

The industrial perturbations resulting from the beforementioned and other causes affecting the food supply are matched or exceeded by modifications in almost every other organized system for meeting man's wants. Take, for example, his clothing. The cotton crop has developed prodigiously; the most remote State of the South has become the largest producer of the staple; the price of the raw material has fallen permanently below the former average; the fibre is spun and woven by means of machinery vastly more speedy and efficient, at a lower price, involving a reduced labor cost per yard of finished cloth. Finally, the sewing-machine, the most important labor-saving machine ever invented, has completely revolutionized the business of manufacturing clothing. A costly rarity in 1870, it had become a universal and indispensable machine in 1895. It did more to cheapen clothing — even according to free trade theories — than all the tariff laws ever passed did to enhance the cost. It displaced

the labor of an army of needlewomen everywhere; but incidentally it emancipated Woman from the drudgery of the needle and set her time free for occupation at a myriad of employments which previously she could not undertake because her labor was bespoken for the making and mending of clothing for herself and her family.

The utilization of the grazing country of the West and Southwest for sheep-raising is another fact of great importance. In 1870 the wool production of Maine exceeded that of all the organized Territories of the United States. In 1895 almost exactly two thirds of the wool-clip of the country came from sheep raised west of the Mississippi River; and the clip of that region exceeded by forty per cent. the entire production of the country in 1870. There has been great improvement in the manufacture of woollen goods and a corresponding cheapening of the garments made from the fabrics.

Consider again the growth of the iron and steel industry; the remarkable shifting of the localities of chief production; the extraordinary decline in the cost of the raw metal; the stoppage of importation and the springing up of an export trade; the marvellous improvements in the arts of iron and steel working, and in the appliances used in these arts; and the substitution of metal for wood and other materials in an infinite number of uses. Perhaps the most conspicuous illustration of the substitution is afforded by the new method of architectural construction, not only as applied to the city "sky-scraper," but also as it is seen in all well-built modern structures that are erected with a view to permanence and to security against fire. In 1870 the quantity of structural iron and steel produced in the country was so small that it was not even reported separately by the census. In 1880 the amount was 87,006 tons, mostly iron, valued at $5,592,579. In 1890 the census reported 276,355 tons, more than a half of it steel, valued at $15,462,959. By the year 1900

the production had increased to 856,983 tons, almost exclusively steel, valued at $29,361,522. During the period under consideration a true evolution took place, not merely of a new species or genus, but of a new division of the architectural kingdom. The buildings in which men have lived and worked from the beginning may be likened to the crustacea of zoölogy, to the creatures that are protected from injury by a hard outer shell, but have no interior framework to give them power of resistance when once that shell is crushed. The steel buildings of to-day are the vertebrates, erect in posture, knit together within, and deriving all their strength from an unyielding backbone, but covered with a skin that may be scarred and broken without endangering the structure or causing it serious injury.

If we stop here it is not because further facts of the same sort are lacking, but because it is needless to make the argument cumulative. During the years from 1870 to 1895 the occupation of a large majority of persons employed in the production, the transportation, the marketing of almost every article in common use, was more or less modified. The changes in methods superseded the labor of hundreds of thousands of employés, but they also resulted in the remunerative employment of millions of other persons. Prices declined because supplies increased, because methods of production became more labor-saving and economical, because quick transportation and quick communication — by a process that need not be expressed in detail — reduced the charge for interest on borrowed capital, because the accumulation of capital and the increase of banking facilities tended to lower the rate of interest, because large companies and strong establishments took the place of smaller and weaker ones and were able to conduct business more economically. In short, the one universal tendency was toward enlarged and cheapened production.

At this point we seem to be dealing with a paradox. An abundance of needful commodities at low prices means benefit to all consumers, and all men are consumers. Yet the period when the movements here noted were in progress witnessed the most severe and the most prolonged era of "hard times" the country has ever known. Not this country only; for the depression was world-wide. If not so distressing in other lands, it is true that the industrial revolution elsewhere was not so extensive. The quarter century witnessed great labor troubles, in spite of the fact that opportunities for employment increased at a rate exceeding that of population,[1] and that the actual remuneration of labor increased while prices were declining. There were many business failures and numerous bankruptcies of manufacturers. Twice within the period there was a revulsion that shook the financial and commercial world as by an earthquake, toppling to the ground old and apparently strong and well-built structures. Invested capital suffered many reverses. The tendency to lower prices was so universal that it affected the value of money lent at interest, and so the income from capital that remained unimpaired was noticeably reduced. Every class and every interest had reason to complain that the times were hard. Yet it is still maintained that the events which occasioned their distress were for the good of all, that is to say for *their* good.

The explanation is a simple one. We see every day

[1] It is an interesting suggestion that the disturbances in the labor market may have been due in large measure to the entrance of women into numerous branches of employments previously monopolized by men. The census of 1870 reported 10,669,635 males and 1,836,288 females engaged in gainful occupations. Of the women, 867,354 were domestic servants, and 373,332 agricultural laborers. Omitting these two classes there were 8,048,591 men, and 575,602 women, engaged in all other occupations. By the census of 1900 there were 23,754,205 men and 5,319,912 women in all occupations; and omitting the two classes mentioned above there were 14,069,367 men and 3,058,913 women engaged in other occupations. The number of men thus employed increased three fourths; of women more than fivefold.

introduced some modification of methods in agriculture, trade, manufactures, or finance, which is surely for the general good, but which brings evil only to a greater or less number of people whose livelihood is imperilled or taken away by the change. The invention of a type-setting machine deals a blow at the trade of the compositor. The introduction of half-tone cuts destroys the art by which the wood-engraver earns his living. The department-store injures the business of the small retailer and diminishes the opportunities of the commercial traveller. Now these events and the greater movements which have been referred to did not take place simultaneously. Had they done so they would have produced a cataclysm. They were spread over a quarter of a century. Each branch of industry suffered in turn, some of them more than once, for the general welfare; each derived benefit from that which caused distress to the others. The resultant of all the forces was an immeasurable improvement in all the conditions of living, which amply recompensed all classes and interests for the misery they had undergone.

The same explanation serves for an answer to the natural inquiry why, if this theory of the disturbances in the industrial world from 1870 to 1895 be correct, has it been overlooked so generally as hardly to have been mentioned by writers on economic subjects.[1] The changes were gradual and successive. Each of them proved itself to be beneficial generally, although hurtful to the few; and any one of such changes was merely something similar to what has always been taking place since civilization began, and which is most common in the communities that are most progressive. The fact that was overlooked was that the current changes were multiplied in number and extensive in their effects. The failure to perceive this

[1] Mr. David A. Wells, in his "Recent Economic Changes," has brought together an immense and most useful store of information regarding the changes that had taken place up to the time the work was issued.

led the economic philosophers to seek for the causes of the prolonged disturbance in other and minor events.

It should not be supposed that the position here taken implies that the effect of the tariff during the interesting era under examination was of no importance; that the hardships and inconveniences of the time were neither greater nor less than they would have been if the national policy had been different. The effort has been to show that the troubles arose chiefly from another cause. One might liken the situation in which the people found themselves to that of a man floundering in deep water, and regard the tariff either as a small and insufficient buoy which enabled him to support himself with difficulty, or as a douche of cold water thrown in his face, according to one's opinion as to the good or the evil of the protective system. On the one hand no one denies that upon a certain part of the articles which it is necessary for all men, rich or poor, to purchase, the price was made higher by the existence of the tariff. In this connection also it must be admitted that since the difference between prosperity and adversity is a matter of a margin, frequently a narrow margin, the burden of the tariff considered merely as it increased the prices of necessary commodities may have been quite perceptible in the budget of the poor man. It does not change the situation if we hold that the increase was temporary, and that the balance was subsequently more than restored by a permanent reduction in the prices of the self-same articles. For we are now dealing with the difficulties which the laboring man encountered during the period of transition.

On the other hand it is certain that the tariff did enable manufacturers to hold the greatest market in the world at a time when an industrial revolution was taking place. In all parts of the world changes were going on, the tendency of which was to cheapen the cost of production and thus to open to those who adopted every improvement the

way to successful competition with those who adhered to old methods. American manufacturers could not hope, in the existing circumstances, to occupy foreign markets. Population was increasing rapidly, and the wants of the people were increasing at a higher rate. Labor was in abundant supply, but not always the skilled labor needed for the growth of enterprises. Reduction of wages was therefore not available as a means of meeting foreign competition. Nor was it for the interest of manufacturers that their own prosperity should cause the slightest distress to any other class in the community. It was not philanthropy but a worldly regard for their own welfare that gave them the argument in favor of a protective tariff drawn from the fact of American high wages.

The benefit of the tariff, then, consists in its maintenance of the *status quo* during the period of transition. It cut off the privilege of the foreigner to come in with cheaper wares and to gain a foothold in the market, if perchance he had gone forward at a little more rapid pace than the American in adapting his manufacture to new conditions. It relieved the home manufacturer from the necessity of cutting down wages, supposing that he could have reduced them; and in this respect the tariff was a boon to the workingman. Finally, the tariff, instead of inducing indolence on the part of manufacturers, instead of leading them to rely upon the help of a paternal government to keep their market for them, acted as a stimulus to them to adopt every device for cheapening production so as to meet the demand for their wares, and as an encouragement to persevere in the enlargement of their production until they should fully overtake the domestic market. The record of recent years proves this last point conclusively. So well and thoroughly has American industry improved its processes, not relying upon tariff protection, that in many branches it finds itself asking if it may not in the near future dispense partly or wholly

with artificial aids. Occupying the home market without a contest, it has come to a point where it even hopes to wrest supremacy in foreign markets from countries which have held it for centuries. If this view be correct, the part which the tariff played in the eventful quarter century we have been considering was in the highest and best sense protective. It did not cause, even remotely, the industrial revolution, nor the hardships that accompanied that revolution. It did both mitigate the evils of the time and bring the richest fruits of the revolution to the people of the United States.

The election of 1888 took place at a time when the changes just outlined were in full progress, although even then approaching a term; when they were greatly misunderstood; when on both sides of the tariff controversy undue importance was attached to the influence of import duties as causes of the existing evils. Nevertheless, this assertion of exaggeration in the estimate of the tariff as a cause of, or as a protection against, commercial derangement is not inconsistent with an opinion that a reversal of the protective policy might have increased the derangement and delayed the recovery therefrom, and that the continuation of the policy mitigated the evil and hastened the days of marvellous prosperity which marked the closing years of the century.

The Republican victory, although narrow, was complete. General Harrison carried all the Northern States except Connecticut and New Jersey. His success was due mainly to the result in New York, where he had 13,000 majority, in spite of the fact that the Democrats elected their State ticket. Both branches of Congress were Republican: the Senate by 45 against 37, which was increased to 51 against 39 when the four new States of North and South Dakota, Montana and Washington, and the senators from those States, were admitted; the House of Representatives by 169 against 161. The majority in the lower branch was

considerably increased by the result of election contests. The "Tribune Almanac" for 1891 classifies the members at the close of the first session of the Fifty-first Congress thus: Republicans, 176; Democrats, 155; "Wheeler," 1. Even a majority of twenty would have been unable to pass any controverted measure, under the parliamentary rules of the earlier time, which gave to the minority almost unlimited power of obstruction. The selection of Thomas B. Reed, of Maine, as Speaker, and his masterful domination of the situation, saved the Republicans from the parliamentary failure which would surely have occurred if the leadership had been entrusted to a weak man. The purely political contests of that time have but an incidental place in a tariff history. It is sufficient to refer to the Speaker's bold positions, — first, that until rules should be adopted formally the House — that is, a majority of the House — might govern itself without rules; secondly, that for the purpose of forming a constitutional quorum, cognizance might be taken of the presence of members who refused to respond to their names upon a roll-call; and, thirdly, the adoption as a standing rule of the principle just recited, together with a new rule giving the presiding officer power to refuse to put a motion clearly dilatory in its purpose. By means of these measures and some other minor parliamentary reforms the majority was enabled in the first place to determine election cases, whereby its relative strength was increased, and afterward, as a business, if not a deliberative body, to bring its measures to a vote.

Mr. Reed was elected Speaker by a vote of 166, to 154 for Mr. Carlisle, of Kentucky. The meeting of Congress was on December 2, 1889. The next day President Harrison transmitted his first annual message, in which he dealt briefly but forcibly with the tariff question. He recommended revision of the law, both in its administrative features, in order to secure uniformity of valuation,

and in the schedules. Although he recognized the delicacy of the matter of readjusting customs duties, and the probability of business disturbance as a consequence of reopening the question, yet "this temporary ill effect will be reduced to the minimum by prompt action and by the assurance which the country already enjoys that any necessary changes will be so made as not to impair the just and reasonable protection of our home industries. The inequalities of the law should be readjusted, but the protective principle should be maintained and fairly applied to the products of our farms as well as of our shops. These duties necessarily have relation to other things besides the public revenues. We cannot limit their effects by fixing our eyes upon the public Treasury alone. They have a direct relation to home production, to work, to wages, and to the commercial independence of our country, and the wise and patriotic legislator should enlarge the field of his vision to include all of these. The necessary reduction in our public revenues can, I am sure, be made without making the smaller burdens more onerous than the larger by reason of the disabilities and limitations which the process of reduction puts upon both capital and labor. The free list can very safely be extended by placing thereon articles that do not offer injurious competition to such domestic products as our home labor can supply." The President suggested further the removal of the internal tax upon tobacco and that upon spirits used in the arts.

The Committee on Ways and Means was appointed on December 9, only one week after the assembling of Congress. It was one of the strongest committees ever constituted. It consisted of the following Republicans: William McKinley, of Ohio; Julius C. Burrows, of Michigan; Thomas M. Bayne, of Pennsylvania; Nelson Dingley, Jr., of Maine; Joseph E. McKenna, of California; Sereno E. Payne, of New York; Robert M. La Follette,

of Wisconsin, and John H. Gear, of Iowa. The Democratic members were: John G. Carlisle, of Kentucky; Roger Q. Mills, of Texas; Benton McMillin, of Tennessee; Clifton R. Breckinridge, of Arkansas, and Roswell P. Flower, of New York. Of the Republican members one subsequently became President of the United States; one became a justice of the Supreme Court; two were elected to the Senate; one was chosen governor of his State, and two succeeded to the chairmanship of the Ways and Means Committee. On the Democratic side, one became senator and afterward Secretary of the Treasury; another was elected to the Senate; a third became Minister to Russia; both of the others were chosen governors of their States.

The committee entered at once actively upon the duty of preparing both an administrative bill and a general revision of the tariff. The first of these measures was reported at an early day and was pressed for consideration; but the work of making the House master of itself, the discussion of the silver question, — which resulted ultimately in the passage of the silver-purchase act, — and other matters, delayed progress, and the bill was not signed by the President until the 10th of June, 1890. The important feature of the administrative act was the establishment of a Board of General Appraisers, to which was given power to determine finally, in almost all cases, the classification and appraisal of imported goods. The objects, which the law has accomplished, were to secure a more uniform appraisal of goods at the different ports, to relieve the courts of the duty of hearing and deciding intricate questions relative to commercial definitions and classifications of merchandise, and to protect the government from the decisions of casually selected juries which often compelled the Treasury to refund large sums of money declared to have been collected illegally. The opposition performed its constitutional duty of resisting the

change of system, and protested that the measure was a denial of the right to trial by jury. Nevertheless the act was passed, and it was not repealed some years later when the opposition had an opportunity to expunge it from the statute-book.

In the preparation of the tariff bill proper the Committee on Ways and Means adopted the practice of open hearings. In the course of the debate upon it in the House of Representatives,[1] a Democratic member said that "the committee, in the formation of this bill, closed the doors of the Capitol against the labor of this country, but admitted the manufacturers." The assertion was promptly denied by several members of the committee. Mr. Flower, of New York, a Democrat, generously admitted "that both the majority and the minority of the committee have sat in their room from the day after Christmas until the present time [May 14], and that I do not know of a single manufacturer or laborer who desired to be heard that has not been accorded a full and free hearing." Mr. McKinley made an equally definite and a more comprehensive statement to the same effect, showing that farmers and free traders, also, had been heard patiently, and that the committee had not even closed its doors against cranks. The Republicans were sensitive as to accusations that they had made the bill in secret and without hearing those who opposed their policy, because they had themselves brought this charge against the Democrats in the preparation of the "Mills Bill."

Mr. McKinley, the chairman of the committee, reported the tariff bill on the 16th of April, 1890. Its legislative history may be narrated briefly. The general debate upon it began on May 7 and continued until the 10th. On the 12th [Monday] the House began the consideration of the bill by paragraphs, and all the time until the 19th was

[1] "Congressional Record," Fifty-first Congress, first session, p. 4678, *et seq.*

occupied in considering amendments proposed by the Ways and Means Committee. On the 15th Mr. McKinley reported from the Committee on Rules a special rule, opening the bill to amendment in any part until the 21st, at noon, when the Committee of the Whole was to report the bill to the House. In effect, this rule, which was adopted, shut off votes upon any amendments proposed by the minority. At the appointed time the House voted upon certain amendments reserved for separate votes,[1] and then upon the bill, which was passed by a nearly strict party vote of 164 to 142. In the Senate the bill was referred to the Committee on Finance, which also gave protracted hearings; it was reported back with hundreds of amendments on the 18th of June. The press of other business prevented its consideration until the 21st of July, — a time when the "long" session of Congress has ordinarily come to an end, — from which day the bill occupied the attention of the Senate to the exclusion of almost everything else for a period of more than seven weeks. On the 26th of August the Senate agreed unanimously that unlimited debate might continue until Wednesday, September 3; that during the last three days of the same week debate should be under the five-minute rule; that on Monday, September 8, the Senate would vote on the bill or on amendments without debate; that after the third reading of the bill three hours should be allowed to each side for general debate; and that the final vote should then be taken on the passage of the bill. The agreement was carried out. The Senate passed the bill by a vote of 40 to 29, on the 10th of September. A conference committee was at once appointed; its report was made on September 26, agreed to by the House of Representatives on the next day by a vote of 151 to 81, and by

[1] Upon a part of the wool and woollen schedule the Committee on Ways and Means was defeated, and it carried its proposition respecting tin plates by a majority of one.

the Senate on the 30th by a vote of 33 to 27. Two Republican senators voted against concurrence in the report. The bill was signed by the President, and became the tariff law of October 1, 1890.

This act has been, and doubtless always will be, popularly known as "The McKinley Bill." Nevertheless several of its most important features were added after it had passed beyond the control of the Committee on Ways and Means; and in the schedules radical changes were made by the Senate and subsequently agreed to by the House. It is detracting nothing from the fame of Mr. McKinley to say that although the act as a whole contains and carries out the principles for which he contended in the report made by him when the bill was brought into the House, yet the adjustment and harmonization of duties and the character of the completed measure were due to the work of a senator, — one who probably brought to the task a wider and deeper knowledge of the tariff in all its details, and in its relations to business, commerce, and manufactures, than any other man who ever served in Congress, Mr. Nelson W. Aldrich, of Rhode Island. That the act was profoundly modified in the Senate is made clear by the fact that that body made 496 amendments to the bill as passed by the House. It ultimately receded from only 51 of these amendments; the House accepted 272 of them without change; and the two branches of Congress compromised matters upon the other 173.

"The McKinley Bill" possessed a greater number of novel features than any previous tariff act, and it is necessary to consider each of them in its turn. It was the first tariff act to contain a complete schedule of protective duties upon products of agriculture, — a policy which was recommended by the President in his annual message. It was also the first to place unrefined sugar on the free list. From the foundation of the government sugar had contributed more than any other single article to the customs

revenue. Moreover, in order not to withdraw protection from the sugar growing interest Congress for the first time introduced an elaborate system of bounties to the domestic producers. Again, in pursuance of the policy which was the aim of the framers and supporters of the act, a greatly increased duty was laid upon a class of articles — tin plates — in general use in the country, the manufacture of which in the United States had not begun, with the express purpose of stimulating the introduction of the industry — a policy of fostering the embryo, rather than of protecting the infant; and a proviso was added that the duty should be abrogated altogether in case a specified degree of success should not attend the experiment. Finally, there was for the first time included in a tariff measure a general proviso for the employment of the customs duties in securing an extension of foreign trade, by means of reciprocity treaties. The fact that the wool and woollen duties again played a prominent part in the tariff history of the time must also be noted; but on this occasion these duties were not the chief bone of contention between the forces of protection and free trade as they had been more than once in the past.

The increase of duties upon agricultural products was politically the most far-reaching provision of the measure. It has been noted already more than once that the Republican members from the farming regions of the West were somewhat less than lukewarm, on certain occasions, in support of the protective policy. The Committee on Ways and Means undertook to strengthen the system and to take away the reproach that manufacturers were favored at the expense of the farmers, by giving to the agriculture of the country complete and adequate protection against foreign competition. Upon the theory of those who framed and supported the bill it was surely an act of justice so to do, if the farmers desired protective duties and regarded them as necessary. Moreover a strong

argument could be made out for the necessity. Large importations from Canada of barley, beans, hay, eggs, and animals; of potatoes from Scotland; of tobacco from the Netherlands; and a total importation of agricultural productions to the value of $256,000,000 in 1889; all these things seemed to indicate that American farmers were subjected to foreign competition of a class which, if it had occurred in manufacturing industry, would have elicited urgent requests for relief by means of higher duties. The opponents of the bill ridiculed the agricultural schedule mercilessly. They declared it to be absurd for the greatest producer and exporter of grain and other foodstuffs to pretend alarm lest foreign nations should compete with American farmers in the home market; and they condemned the innovation in tariff legislation as a whole and in detail.[1]

The duties upon a great number of articles classified as agricultural products and provisions were changed by the McKinley act, and this schedule as originally reported by the Ways and Means Committee not only went through the House of Representatives unamended, but passed the ordeal of the Senate debate with no material alteration save in the duty on rice. The rates on meats were at least doubled, in every case. The duty upon bacon and hams was raised from two to five cents. The barley duty was raised from ten to thirty cents. The rate of increase on other grains was much less than those just mentioned. Eggs, which were free of duty under the act of 1883, were

[1] Mr. McMillin, of Tennessee (p. 4326, "Congressional Record"), imagined a conversation between members of the Ways and Means Committee, wherein the chairman responds to a question by Mr. Burrows, what is to be done for his State, "We'll fix them. Put a duty on cabbages." To which Mr. Burrows rejoins, "But we've put sauerkraut on the free list." This, Mr. McKinley is supposed to explain, was done "to please the Dutch." Mention having been made of a proposed duty on straw, Mr. Wilson, of West Virginia, commented, "After giving us free whiskey and free sugar! The relief is greater than I thought it was."

made dutiable at five cents a dozen; potatoes were raised from fifteen to twenty-five cents a bushel: and butter from four to six cents a pound. There is no doubt that the changes in duties on these products did actually put an end to an increasing exportation of the articles taxed, from Canada to the northern tier of States, and thus served as a measure of protection to the farmers in those States. The duties could have had no influence or effect upon the trade of other foreign countries, nor upon the farmers a few hundred miles away from the Canadian border. It may be said without qualification that the purpose of the increase of duties on agricultural products was political, and that the object was accomplished. The farmers were taken into the protection partnership and, whether or not they needed the protection or were substantially benefited by it, they could no longer complain that they were left at the mercy of circumstances when the manufacturers were favored; and since they recovered the share of the home market which they had lost, they did actually become as sturdy partisans of the protective policy as the Eastern Republicans. In short the Republican party became more united and more radical than it had ever been before in support of the existing tariff system, — a change which was destined six years later to be of not a little importance in the national canvass.

The repeal of the sugar duty was a great bid for popular favor. In the fiscal year 1888–89 more than two and a half billion pounds of dutiable sugar[1] was imported into the United States, valued at 76 million dollars, and paid duty to the amount of $54,896,437. This sum was almost one fourth of the gross revenue from customs in that year, $226,540,037, and was the largest sum ever yielded in any year by a single article of importation. The remission of the duty was in effect a relief from heavy taxation upon

[1] Beside 243 million pounds free under the reciprocity treaty with Hawaii.

the only important article of food that was taxed at all, and a reduction of fully one third of the cost to consumers of a commodity that forms a more considerable item in the household budget than the flour bill. There was good reason to expect that a measure which took off so large a burden would be popular, even if it did increase to a moderate extent the rates of duty upon some manufactured goods which it was desired to protect further. But the abrogation of the sugar duty did not save the act from a hasty popular condemnation. This mischance was due largely to the lack of skill on the part of the managers of the bill, who permitted themselves to be placed in an attitude of defence of the increases of duty when they had an excellent opportunity to make the relief from taxation appear, as it was, the chief feature of the measure.

Mr. McKinley, in his opening speech, merely recited the fact that raw sugar was to be put upon the free list, but did not utter a sentence to call attention to the importance of this change in the law to the consumers of the country. Little was made of the provision in the brief general debate in the House of Representatives.[1] In the Senate debate upon the sugar schedule attention was given chiefly to the bounty provisions, to be mentioned hereafter, and to the rates of duty on refined sugar. Both parties wished to avoid the appearance of favoring the "sugar trust," and the senators devoted themselves to mutual accusations upon that point, and to virtuous defence of themselves and of their motives. The bald question whether raw sugar should be free or dutiable did not come before the Senate until the 9th of September, when under the unanimous agreement, all debate had ceased.

[1] Mr. McKenna, of California, a Republican, endeavored to restore sugar to the dutiable list at a reduced rate, and was supported in his speech in favor of the amendment, by Democratic applause. The debate which took place was chiefly a debate on the bounty provision. Mr. McKenna's amendment was rejected by a vote of 115 to 134.

An amendment was offered by Mr. Gibson, of Louisiana, to restore sugar to the dutiable list, and was rejected by 25 against 34 — a strict party vote. The effect, of course, was to leave the lower grades of sugar on the free list according to the original plan of the Committee on Ways and Means.

Coupled with this policy was the grant of bounty to domestic producers of sugar. The situation was peculiar. Mr. McKinley set it forth in a brief but lucid way on the last day of the debate in the House. The sugar producers of the United States furnished only one eighth of the amount consumed in the country. Many years of protection to domestic sugar growers had not resulted in an increase of production proportionate to the increase of consumption. There was a strong sentiment in favor of a removal of the whole duty on raw sugar. To remove it without relieving in some way those in Louisiana who were engaged in the business would be to ruin them; and they could not have survived without bankruptcy a cut of seventy-five, nor even of fifty, per cent. "So, Mr. Chairman," said Mr. McKinley, "the Committee on Ways and Means, looking to the average sentiment of the country, wishing on the one hand to give the people free and cheap sugar, and desiring on the other hand to do no harm to this great industry in our midst, have recommended an entire abolition of all duties upon sugar, and then, mindful as we have ever been of our own industries, we turn about and give to this industry two cents upon every pound of sugar produced in the United States, a sum equal to the duties upon foreign sugar imported into this country. We have thus given the people free and cheap sugar, and at the same time we have given to our producers, with their invested capital, absolute and complete protection against the cheaper sugar produced by cheaper labor of other countries."

Mr. McKinley himself confessed that he reached the

conclusion that protection should be given in this form, with reluctance. Most of the Republicans, no doubt, had secret misgivings as to the expediency, perhaps as to the constitutionality, of the bounty provision. Mr. Stewart, of Vermont, who offered an amendment to extend the bounty to producers of maple sugar, admitted that he did not think bounty should be given to any home producer of sugar, but if that was to be the policy he thought the maple sugar and sorghum industries were equally to be considered. Mr. Stewart's amendment was rejected by the House. It fared better in the Senate, and during the time the act of 1890 was in force maple sugar shared in the bounty. In the Senate, as in the House, the Louisiana members opposed actively the bounty provision and endeavored to have sugar restored to the dutiable list. It was the theory of the supporters of the bill that the encouragement afforded by the bounty would stimulate greatly the production of beet sugar. Mr. Eustis, of Louisiana, put very well the argument of the opponents of the bill. Although the situation of his sugar growing constituents was one of some difficulty to be treated by one who theoretically opposed protection and yet was not reluctant to see sugar protected; yet it was quite safe for the senator to gird at the majority, who would certainly, for consistency's sake, either maintain the protection of sugar or give the capital in it compensation for withdrawal of the duty. "If you have discovered," he said, "that the expansion or development of the sugar industry of this country no longer deserves the favoritism of the government, why do you propose to give a bounty to sugar planters? If you are satisfied, as you state, that the sugar crop instead of increasing under a high protective duty has been decreasing, what right have you or what defence can be made of your action in advocacy of your proposition that, notwithstanding the decline in the sugar industry of the country, you still propose to make a

gratuitous donation of two cents a pound to everybody in the United States who produces a pound of sugar? One of two things, Mr. President; either you do believe that we are capable in the future of developing this industry, or you do not believe it. If you do believe it, why do you not keep it under the shelter of your protective policy? Why do you turn it out in the cold to starve and to die and to perish? If you do not believe it, where can the justification be found that the government of the United States as a mere matter of gratuitous favoritism shall make a donation of two cents a pound to every producer of sugar in this country?"

In the last sentence there was a suggestion that the proposed bounty would be unconstitutional. It cannot be positively asserted that the constitutional question was not directly raised by any senator, but a study of the debate, which has extended to at least a cursory examination of every page of the "Congressional Record" which contains it, has not disclosed a single positive expression by any senator that the bounty was unwarranted under the Constitution. After the passage of the law a case was made up and carried to the Supreme Court with the express purpose of testing the constitutionality of the sugar bounty, but the court wisely contrived to decide the case without passing upon the question it was intended to test.[1]

Among the various new applications of the protective principle contained in the McKinley act, none was more warmly discussed than that which increased largely the duty on tin plates. At the time the bill was reported to the House there was not one mill in the country engaged in the manufacture of the article. Some attempts had been made to introduce the manufacture, but they had failed. The war duty on "tin plates, terne plates, and taggers' tin" was 25 per cent. It was reduced in 1873 to

[1] United States *v.* Realty Company, 163 U. S. Reports, p. 427.

15 per cent.[1] In 1875 a specific duty of one and one tenth cents a pound was substituted for the ad valorem rate, and under that duty the ad valorem equivalent varied from 21 to 30 per cent. The act of 1883 reduced the rate to one cent a pound. The duty on the black sheets, which upon being dipped were converted into tin plates, was 30 per cent. ad valorem; ingot and block tin were on the free list. The importation of tin plates increased amazingly. It was less than two hundred million pounds in 1876, more than four hundred and fifty million pounds in 1883, and in 1889 it had reached seven hundred and thirty-six million pounds, and a value of more than twenty million dollars. The enormous consumption of tin plates was caused by the rapid growth of the canning business. All sorts of food and many other articles were preserved in this way, and the result was a great extension of food markets and a great cheapening of many desirable varieties of food which persons of moderate means had previously been unable to buy.

From the business of furnishing the tin plates used in this and other industries the American manufacturer was excluded. The duty of one cent a pound, and the difference of one quarter cent a pound between the duty on iron sheets and the same sheets coated with tin, was that inadequate protection which is no protection at all. The first attempt at introducing the industry in this country was in 1873. At that time the price of tin plate was twelve dollars a box;[2] but no sooner was the enterprise started than the price was reduced by the Welsh manufacturers to $4.50 a box. After the American experiment had been forced to failure by the reduction, the price advanced again. It need not be said that the proposition in the

[1] It was reduced by a ruling of Mr. Fessenden, Secretary of the Treasury. The tariff law imposed a duty of 2½ cents a pound upon tin or upon iron coated with tin. The Secretary decided that this did not mean iron plates coated with tin, and accordingly tin plates came in at 15 per cent. duty as unenumerated articles.

[2] Mr. McKinley's speech, p. 4250, "Congressional Record."

McKinley bill to double the duty aroused great opposition. The advocates of a low tariff were naturally against it, to a man. The large consumers of tin plates — the canning establishments and the manufacturers of tinware — sent in earnest protests against the measure. The tin-plate makers of South Wales and Monmouthshire, who had a monopoly of the industry, were greatly disturbed. Five sevenths of the total exports of their product came to the United States. Evidently they gladly would have believed that the proposed application of the protective principle to tin plates would result in failure, but their judgment told them that it would succeed, and in their trade publications the alarm which the proposition aroused was expressed freely. To a certain small number of Americans the suggestion that any proposed course of action will be injurious to England is a strong argument in its favor; and skilful use was made of the frank expressions of alarm at the attempt to transfer the manufacture of the domestic consumption of tin plates to American soil.

There was little discussion in the House upon the question of the tin-plate duty; but while the bill was in Committee of the Whole an amendment to the bill was adopted, at the suggestion of the Ways and Means Committee, making the rate 2.2 cents per pound. Just before the final passage of the bill a separate vote was taken on the tin-plate amendment and the measure was saved by the narrow majority of one. The vote was 150 to 149.

The subject was fully debated in the Senate. The opponents of the bill made an aggressive fight against the increase of duty on several grounds. They suggested in earnest language the great injury an artificial addition to the price of tin plate would work to the meat-packing and the fruit-canning industries, and the evil it would be to the poor by raising the price of the food which they pur-

chased in tins. But they went further and denied that there was even a probability that a considerable amount of tin plate would be made in the United States. The facts that there was at the time no manufactory of tin plate in the country, that there was no assurance, further than a verbal or written promise which could not be enforced, that any one would engage in the industry, that every experiment in that direction, outside of Wales, had failed, that even on the showing of the advocates of the duty, several years would elapse before American competition could become effectual in bringing down prices, which meanwhile must be enhanced by the amount of the increased duty, — these were the main arguments used by the opposing senators in their discussion of this feature of the bill. They denounced it as an outrage, but their language regarding it was not more vehement than it was in expressing their opinion of other clauses of the bill. The advocates of the bill took little part in the debate and made no long arguments to defend a proposition which, from the protectionist point of view, was entirely reasonable and justifiable, but from the point of view of the free trader was quite the reverse. They did not even answer the objections of one or two Republicans who did not agree to the measure. Mr. Plumb, of Kansas, proposed instead of the increased duty a bounty of one cent a pound upon all tin plate made in the United States, but owing to a parliamentary complication he was unable to press it to a vote.

In order to strengthen the cause, to show faith in the efficacy of the means taken to establish the tin-plate manufacture in the country, and to answer the arguments of those who urged that the duty and the increased cost of plates would be realities whether Americans did or did not engage in the manufacture, a proviso, introduced by Mr. Spooner, of Wisconsin, was attached to the clause which, slightly amended, formed a part of the act as it

received the President's approval. In the final form it provided that on and after October 1, 1897, tin plate should be admitted free of duty unless in some one of the intervening years the production of American tin plate "has equalled one third the amount of such plates imported and entered for consumption during any fiscal year after the passage of this act and prior to said October first, 1897." The language of the proviso just quoted is peculiar. It was intended to mean that the introduction of the manufacture would be sufficient to save the duty if the domestic production in any one of the six years 1891–97 should equal one third the importation of that or some other year of the six. The object aimed at in thus wording the proviso was to prevent excessive importations in any year with the express purpose of breaking down the duty. Under the terms of the proviso it was necessary that the President should be satisfied, and should make proclamation of the fact, that the domestic production had been sufficient to secure the retention of the duty. A further proviso was made to the effect that wares made of black sheets manufactured in the country and coated with tin after being made up should be reckoned as tin plates made in the United States. This last proviso was attacked by Mr. Carlisle, of Kentucky, as being "a confession that there is no expectation of manufacturing tin plate in this country." It was readily explained that the only difference between such ware and ordinary tin plates was that in the one case the coating was done before, and in the other case after, the black sheets were made into pans and other utensils. To the inquiry how the amount of such wares was to be ascertained, the reply was that the fact of a sufficient production was to be proved to the satisfaction of the President, and that making the proof would be the duty of manufacturers. The Spooner proviso was adopted without a division, and a debate which had consumed almost four full days of the Senate's time, and

which covers more than one hundred of the broad pages of the "Congressional Record," came to an end.

It is perhaps not strange that the framers of the bill, thoroughly imbued as they were with the idea of securing the home market, overlooked the importance and the opportunity of extending the foreign market also. The wiser statesmen of the protectionist party, from Henry Clay onward, never purposed confining the energies of the American people to the home market. They merely urged that as between the home and the foreign markets the privilege of supplying and of monopolizing the domestic market was greatly to be preferred. The growth of the country after the Civil War was so rapid that in most industries the increase of production was too slow to keep pace with augmented needs; and in spite of the protection given by the tariff large quantities of foreign goods were imported, and that, too, of varieties of merchandise similar in class and quality to articles produced at home. But the domestic manufacturer was gradually approaching the point of turning out a full supply for the domestic demand. Of agricultural products the country had long produced an excess. It had one great and fairly regular customer, England. But that was far too restricted a market. Obstacles were intentionally placed by the French and German governments in the way of an importation of American meats. The countries of Europe which were occasional purchasers of considerable quantities of grain when their own crops failed had other sources from which they could draw supplies of breadstuffs. The countries of Central and South America laid heavy duties upon American food. Spain arranged the tariffs of Cuba and Porto Rico with an eye to the trade of Spanish merchants; and although the United States purchased three fourths of the Cuban sugar crop and, in 1889, took Cuban productions of all kinds to a value of more than fifty-two million dollars, the exports to Cuba were valued at

only eleven and a quarter millions. The narrowness of the market is illustrated by two facts taken from the trade returns for 1889. Of a total value of $123,023,171 of breadstuffs exported in that year, the destination of grain and flour of all kinds sent to the British Isles was $73,874,429, almost exactly sixty per cent. The situation with respect to provisions — meat and dairy products — was even worse, for the exports to the British Isles, valued at $67,132,641, were nearly sixty-five per cent. of the total, $103,861,354. These classes of merchandise, together with raw cotton, of which also Great Britain took nearly two thirds, constituted sixty-three per cent. of the total exports from the United States during that year. Roughly speaking, therefore, those specified agricultural products and provisions formed three fifths of the total exports, and Great Britain took three fifths of them.

To Mr. Blaine, then Secretary of State, belongs the credit of pointing out in such a way as to startle the country the fact that in the pending tariff bill a great opportunity was neglected to extend the foreign trade and open foreign markets to American products. In a letter to the President, dated June 4, 1890, he transmitted a report of the International American Conference on the subject of a customs union, and introduced it with pregnant suggestions of his own. He dwelt upon the one-sided character of the trade of the United States with Latin-America, and the insignificant amount of American exports to that group of countries. For example, the total exports of breadstuffs, provisions, petroleum, and lumber were valued at almost three hundred millions; to the Latin-American countries only fifteen millions. He suggested a way in which the pending tariff bill might be used to secure an extension of the trade.

The President, in sending the letter to Congress, commented favorably upon the idea contained in the Secretary's letter. He said: "It has been so often and so

persistently stated that our tariff laws offered an insurmountable barrier to a large exchange of products with the Latin-American nations that I deem it proper to call attention to the fact that more than eighty-seven per cent. of the products of those nations sent to our ports are now admitted duty free. If sugar is placed upon the free list, practically every important article exported from those States will be given untaxed access to our markets, except wool. The real difficulty in the way of negotiating profitable reciprocity treaties is that we have freely given so much that would have had value in the mutual concessions which such treaties imply."

Mr. Blaine suggested a method of obtaining an extension of trade; but the President did not specifically recommend it. Immediately after the message of the President was read to the Senate, Mr. Hale, of Maine, offered an amendment to the tariff bill, embodying Mr. Blaine's proposition, in the following terms: —

And the President of the United States is hereby authorized, without further legislation, to declare the ports of the United States free and open to all the products of any nation of the American hemisphere upon which no export duties are imposed whenever and so long as such nation shall admit to its ports, free of all national, provincial (state), municipal, and other taxes, flour, cornmeal and all other breadstuffs, preserved meats, fish, vegetables, and fruits, cotton-seed oil, rice, and other provisions, including all articles of food, lumber, furniture and all other articles of wood, agricultural implements and machinery, mining and mechanical machinery, structural steel and iron, steel rails, locomotives, railway cars and supplies, street-cars, refined petroleum, or such products of the United States as may be agreed upon.[1]

It was undoubtedly a most unusual if not an unprece-

[1] These interesting documents — the message of the President and the letter of Mr. Blaine, with appendices — are printed in the "Congressional Record" for the first session of the Fifty-first Congress, pp. 6256–59.

dented act for the executive department to intervene publicly and officially to obtain an amendment to a bill in its progress through Congress. The omission by the President of an endorsement of Mr. Secretary Blaine's specific proposition may fairly be ascribed to his unwillingness to create a bad precedent, and possibly the rule was not violated by his transmission of the letter containing the suggestion. Mr. Blaine himself was much in earnest with his scheme to use the tariff to extend the foreign trade. On July 11, when the debate in the Senate was about to begin, he addressed a letter to his friend, Senator Frye, of Maine, in which he said: —

The charge against the protective policy which has injured it most is that its benefits go wholly to the manufacturer and the capitalist and not at all to the farmer. You and I well know that this is not true, but still it is the most plausible and therefore the most hurtful argument of the free trader. Here is an opportunity where the farmer may be benefited — primarily, undeniably, richly benefited. Here is an opportunity for a Republican Congress to open the markets of forty millions of people to the products of American farms. Shall we seize the opportunity, or shall we throw it away?

I do not doubt that in many respects the tariff bill pending in the Senate is a just measure, and that most of its provisions are in accordance with the wise policy of protection. But there is not a section or a line in the entire bill that will open the market for another bushel of wheat or another barrel of pork.

The letter was widely printed and excited much comment. Mr. Blaine wrote another letter in the same spirit to the mayor of his home city of Augusta, Maine, which developed his idea: —

You are in error in supposing that I am opposed to sugar being admitted free of duty. My objection is not to free sugar but to the proposed method of making it free. If, in the pending tariff, sugar is placed upon the free list,

we give to certain countries a free market for $95,000,000 of their products, while they are not asked to open their markets to the free admission of a single dollar of American products. We ought to have, in exchange for free sugar from certain countries, a free market for breadstuffs and provisions, besides various fabrics from all parts of our country. In short, we ought to secure, in return for free sugar, a market for $60,000,000 or $70,000,000 of our own products. It will not require reciprocity treaties to secure this great boon. The tariff bill can contain all the necessary conditions. The legislative power is able to secure the desired end. Within the last twenty years we have given the countries south of us free admission for nearly $60,000,000 worth of their products without receiving a penny's advantage in exchange. If sugar be now made unconditionally free, we shall have given to the Latin-American countries free admission for $150,000,000 of their products. It is time, I think, to look out for some reciprocal advantages. We are a very rich nation, but not rich enough to trade on this unequal basis.

Mr. Blaine's standing with his party, his recognized position as a lifelong and uncompromising advocate of protection, and his reputation as a far-seeing statesman, would have been sufficient reason in any event for the profound impression which the publication of these letters made on the country. That they were dictated by plain common sense was evident; and from the moment his propositions began to be considered in and out of Congress it was inevitable that a reciprocity feature must form a part of the tariff act. He followed his letter to Mr. Frye with another, dated July 26, in which he argued that his proposition, so far from being contrary to the policy of protection, was completely in accordance with it. "The value of the sugar we annually consume," he remarked, "is enormous. Shall we pay for it in cash, or shall we make a reciprocal arrangement by which a large part of it may be paid for in pork, beef, flour, lumber, salt, iron, shoes, calico, furniture, and a thousand other things?

In short, shall we pay for it all in cash, or try friendly barter in part? I think the latter mode the highest form of protection and best way to promote trade."

The method of using the tariff to obtain an enlarged market, suggested by Mr. Blaine, and embodied in Mr. Hale's amendment was, after consideration, found to be impracticable from the protectionist point of view, for the reasons suggested by Mr. Gibson, of Louisiana, in an incisive speech attacking the alternative method proposed by the Committee on Finance.[1] The phrase "any nation of the Western Hemisphere" either did not include Cuba and Porto Rico, or it did include Canada. The Republicans were most anxious to increase trade with Cuba by giving free access to its sugar; they were quite indisposed to offer free trade to Canada in consideration of the free admission into Canada of goods of the classes named in the amendment. Moreover, free trade with South America involved the free importation of wool from Argentina, of copper, and other articles for which the bill under consideration provided close protection. "We all know very well," said Mr. Gibson, "that wool is the very foundation upon which any reciprocity can be made with South American states. . . . Thus perishes, even before it has had consideration, the generous, statesmanlike and magnificent suggestion of the Secretary of State for full and free interchange of commodities with Mexico, Central and South America. It has gone down before the shepherd's crook. It has received death-strokes at the hands of senators who represent wool, copper, wood, and ores. It has shrunk into a proposition to apply to sugar only. That was a good way to kill it, and it has been effectually done." It must not be supposed that Mr. Gibson was really in favor of the proposition to secure reciprocity, including sugar, for his energies were quite as actively employed in taking care that no harm came to the sugar industry as

[1] Senate proceedings of Sept. 2, 1890, "Congressional Record," p. 9534.

the senators from the wool-growing States were to prevent undue competition with the domestic clip. There was no reason why protectionists who were not ashamed to avow their principles should disclaim the motives attributed to them by Mr. Gibson.

The reciprocity section which became a part of the act of 1890 was not greatly modified after it was first introduced as an amendment proposed by the Committee on Finance. The general provision is as follows: —

That with a view to secure reciprocal trade with countries producing the following articles, and for this purpose, on and after the first day of January, 1892, whenever and so often as the President shall be satisfied that the government of any country producing and exporting sugars, molasses, coffee, tea, and hides, raw and uncured, or any of such articles, imposes duties or other exactions upon the agricultural or other products of the United States, which in view of the free introduction of such sugar, molasses, coffee, tea, and hides into the United States he may deem to be reciprocally unequal and unreasonable, he shall have the power and it shall be his duty to suspend, by proclamation to that effect, the provisions of this act relating to the free introduction of such sugar, molasses, coffee, tea, and hides, the production of such country, for such time as he shall deem just, and in such case and during such suspension duties shall be levied, collected, and paid upon sugar, molasses, coffee, tea, and hides, the product of or exported from such designated country as follows, namely:

Then follows a schedule of duties upon sugar ranging from seven tenths of a cent up to two cents a pound; upon molasses, four cents a gallon; upon coffee, three cents a pound; upon tea, ten cents a pound; upon hides and skins, one and one half cents a pound.

The reciprocity amendment did not come formally before the Senate until the time for debate, fixed by the unanimous agreement heretofore mentioned, had expired. But the latitude permitted by Senate rules and customs

gave an opportunity for several irregular discussions of the subject. On the whole the speeches and colloquies threw little light on the question. The senators on both sides seemed to be manœuvring for position, and the political contests looming up in the future were ever before their eyes. The most profitable debate was on the question of the constitutionality of the reciprocity section. There were two views, each of which was plausible and easy to be defended. The Democrats maintained that the section conferred upon the President in a certain contingency the power to levy duties upon imports, which duties were not imposed by Congress; and that he was further entrusted with the power at his own discretion to abrogate those duties and reimpose them. This view had the support also of Mr. Edmunds, of Vermont, and of Mr. Evarts, of New York, whose knowledge and experience as constitutional lawyers were recognized by their fellow Republicans as giving great weight to their opinions. Mr. Evarts spoke in opposition to that part of the reciprocity amendment which empowered the President to proclaim the imposition of duties against countries which maintained unreasonable tariffs upon American goods; and proposed an amendment that the President should report the fact of such adverse tariffs to Congress, for its action. Mr. Edmunds did not speak upon the constitutional question, but he did make a speech in opposition to the principle of reciprocity treaties generally, and voted with Mr. Evarts when the yeas and nays were called on the amendments. Otherwise the vote was on party lines, and the reciprocity section was added to the bill by a vote of 37 to 28.

The Republican contention was that the duties were imposed by the bill, and therefore by the action of Congress, upon the goods of all countries which refused reasonable hospitality to American goods, and that the President was merely empowered and directed to ascertain

and proclaim a fact, whereupon the act of Congress took effect automatically. In short, it was not a delegation of legislative power to the President. "The act," said Mr. Spooner, of Wisconsin, "passes from Congress a completed act. . . . It will be observed that to the President is not given the power of fixing the rate of duty, nor of selecting the subjects upon which it shall be levied. . . . Nor is it left discretionary with the President, the contingency having in his judgment arrived, to issue or not his proclamation."[1] He and other senators cited other laws in which similar power had been granted and exercised without question, and a decision of the Supreme Court, in 1810,[2] the syllabus of which is as follows: "The legislature may make the revival of an act depend upon a future event, and direct that event to be made known by proclamation."

Although the senators of opposing political faiths differed widely upon the question, it came up for decision at so late a period in the prolonged consideration of the bill that the debate proceeded languidly, and no member of the body seemed to have made so careful a study of the subject as many senators had made in preparing to discuss the proper rate of duty upon iron ore, window glass, and binding-twine.

The wool and woollen schedule has formed a prominent subject of discussion and controversy in the consideration of almost every tariff bill since 1820, and the act of 1890 did not furnish an exception to the rule. The mention of the duties upon these classes of merchandise has been postponed to this point not because the wool and woollen clauses were less important relatively than they had been, but because the struggle over them presented little of novelty. From the time of the passage of the act of 1867, which dealt exclusively with wool and its

[1] Page 9879, "Congressional Record."

[2] Brig Aurora, Burnside claimant, 7 Cranch, 382.

manufactures, there had been peace between the growers and the consumers of wool. It was agreed that wool should have adequate protection; that the manufacturers should have a compensating duty on the basis of one pound of finished goods to four pounds of unwashed wool; and that a further protective duty should be levied upon manufactured goods. The rule was observed, with a slight variation, in the act of 1883. Nevertheless, the woollen manufacture was not profitable under the act of 1867, and it was still less so under the act of 1883. Against the protest of the manufacturers the compensating duty was reduced by that act from 50 to 35 cents a pound, in consequence of a slight reduction of the duty on wool, and upon the theory that it required only three and a half pounds of unwashed wool to make one pound of finished goods.

The situation when the Committee on Ways and Means entered on the consideration of the tariff was peculiar. The wool growers had been having a series of poor years, and the price of wool had declined. They attributed the evils under which they were no doubt suffering to two causes: the reduction of duty just mentioned, and the low rate of duty imposed upon wool of the third class, carpet-wool. A low duty had always been imposed upon wool of that grade on the theory that none of it would, or could profitably, be grown in the United States. But the wool growers now insisted not only that such wool could be and was produced in the United States, but that there was extensive fraud in the importation of large quantities of wool of higher grade improperly classified as carpet-wool.

It has been said already that the keynote of the proposed tariff legislation was an extension of protection, to the degree which might be demanded, to the agricultural products of the country. Of such products which required protection, wool was admittedly the most important. It

was therefore evident early in the discussion of the subject that the desires of the wool growers were to be met in full. The sheep owners, for their part, were quite willing that adequate protection should be given to the manufactures of wool, provided their own demands were first satisfied. The situation produced a serious disagreement between the farmers and some of the manufacturers, who contended that the duties on the raw material were already sufficiently high; that an increase rendered absolutely necessary a larger increase of the duty on finished goods, which might make the schedule and the entire tariff law unpopular; and that the best way to make good prices and a large demand for wool was to render the manufacture of goods from wool possible and profitable.

An additional complication arose from the fact that the carpet manufacturers denied the allegations of the wool growers with respect to the raw material of their industry. They asserted that no carpet-wool was grown in the country, and that no protection less than that given to combing and clothing wools would induce a domestic sheep-farmer to raise the animals from which that coarse fibre was obtained. They also brought forward statistics which apparently accounted for the use in carpet factories of substantially all the wool of the third class imported, in order to disprove the statement that high-class wools were admitted fraudulently at the low rate of duty. But their arguments had no effect. The intention of the Committee on Ways and Means, and the intention of Congress, being to satisfy the farmers and win them over completely to the cause of protection, the demand for increased wool duties had to be met.

It is not necessary to go into the details of the schedule, nor to summarize the debate in either House upon the subject. The principle of wool duties was to be discussed in a more thorough fashion upon the next occasion of a tariff controversy; and little was left to be said that was

novel either in substance or in form regarding the expediency of high duties on woollen fabrics. The woollen manufacturers were divided upon the policy of the schedule. The tendency of opinion outside of New England was in favor of the wool growers' position. The carpet manufacturers, on the other hand, complained that the other branches of the wool industry sold them out in order to secure themselves, and that they were singled out of the whole category of manufacturers to receive a great reduction of protection — a blow which they could hardly survive. Many old friendships were broken up by the accusations of treachery. Nevertheless the determination of those who had the bill in charge was so strongly in favor of acceding to the wool growers' demands that it is not necessary to suppose that any of the wool manufacturers attempted to barter away the rights of the carpet men. Since they yielded nothing which they could possibly have retained, they could claim nothing in consideration of their yielding.

The other matters that were subjects of controversy during the prolonged debate in the Senate were almost innumerable, — glass, cotton goods, salt, lumber, metals, and the rates of duty upon scores of different articles under each general head. The Southern senators tried to put cotton-bagging on the free list, but were defeated, 24 to 31. They also failed to reduce to 35 per cent. ad valorem the duty fixed by the bill on cotton-ties. Mr. Davis, of Minnesota, a Republican, led to success a movement to put binding-twine on the free list, for the benefit of the wheat growers of the West. His amendment was adopted by a vote of 38 to 18, no less than fifteen Republicans in this case rejecting the duty proposed by the Committee on Finance. The House fixed the rate at one and one fourth cents a pound; the Committee on Finance proposed one and one eighth cents. The conference committee compromised on seven tenths of a cent. This was almost the

only instance in which the committee was defeated on a matter regarded as important.

At last the bill was passed and approved. It received the President's signature on the 1st of October; it was to go into operation on the 6th of the same month. All the provisions relating to sugar, however, were to go into effect not at that time but on April 1, 1891. The biennial election of members of Congress was but one month in the future. It is possible that the managers of the bill foresaw the danger in putting such an act in operation on the eve of a general election, but did not find any way to avoid it. Perhaps they were self-deceived as to the popular opinion of their measure. But, whatever explanation may be given, they were quickly enlightened and discovered that they had committed a tactical blunder of the most stupendous character. All the increases of duty which threatened to enhance the prices of commodities went into operation at once. The one great boon of free sugar, which was really almost the only article of large daily consumption by all the people the price of which would be materially changed, was withheld for six months.

A hundred times during the progress of the bill through Congress its opponents had accompanied their denunciations of its provisions with confident predictions of a swift vengeance to be visited upon the inventors, leaders, and abettors of that which they deemed a wanton outrage. So far as the senators and congressmen, to whom these warnings were nominally addressed, were concerned, the prophecies of evil were disregarded or treated with ridicule. It was believed that the Senate, at least, was safely Republican for ten years to come. So long as it was controlled by that party a repeal or injurious modification of the tariff was out of the question; and the Republican leaders believed that long before a hostile revision of the tariff would be possible the act would have vindicated itself. It may be doubted if the people of the country were

much concerned regarding the bill, previous to its final passage, or if the senators who foretold political disaster to the makers of the tariff had any other basis for their vaticinations than their wishes.

But directly after the passage of the bill a tariff campaign was begun that has no match in the opportunity which circumstances afforded, in the ingenuity, shrewdness, energy, and persistency with which it was carried on, or in the bewilderingly speedy success which it attained. History tells of hardly any other act of equal importance which became so unpopular in a short time as was the McKinley tariff, or of any measure which a political party had received a *quasi* commission to enact that so quickly compassed the undoing of that party. The opportunity was unequalled. The prices which consumers must pay for certain articles would surely be raised for a time — temporarily, the protectionists asserted — at least until American competition could effect a reduction to the old rates. Most of those who dealt in such articles were opposed to increase of duty. They began immediately to issue circulars to their customers announcing that owing to the higher duty prices must be advanced. In many cases such circulars were warranted by the conditions that confronted them. In many cases they were not warranted; but it was a shrewd movement on their part to advertise that the goods they had for sale would soon advance in price, and that purchasers would act wisely in buying at once. This is one of the commonest devices of company promoters. "Buy now at twenty-five cents a share, for the price will be raised next week to fifty cents." Once this movement began, it became the fashion. Advertisements and trade circulars announcing advancing prices became the material, in excessive abundance, of free trade and tariff reform argument, in the press and on the stump.

A partial list, compiled from the editorial columns of one

daily newspaper devoted to the reform, of articles on which it was asserted that the tariff had laid burdens which would be felt by the people generally, comprises leather gloves, cigars, photographs (in consequence of increased duty on photographic paper), pearl buttons, alpaca, potatoes, carpets, tinware, knit underclothing, musical instruments, canned goods, pepper, glass tumblers, pocket-knives, hats, clothing, cotton plush, and table cutlery. It is undeniable and not denied that on most of these articles there had been a more or less considerable increase of duty, justifying higher retail prices. Nevertheless the importance of the increase was frequently grossly exaggerated, and no account whatever was taken of the remissions of duty which more than offset the additional burdens. A complete general answer to the assertion that the McKinley act increased taxation is afforded by the fact that in 1889 the value of importations was 741 millions, and the duty collected 220 millions; and that in 1892, the first full year under the McKinley law, the importations were 813 millions in value, and the duty collected 174 millions. The act did not diminish the gross imports, nor draw a larger, but a smaller, aggregate amount from the people.

Some of the assertions current at the time deserve to be examined critically. They are interesting in themselves; they illustrate the exaggeration common at the time; since they were printed apparently in good faith and seemed to have an effect upon the people, they show how ready men were to accept without examination and without the exercise of their reasoning powers, whatever might be said in their hearing against the new tariff.

A simple example is presented by pearl buttons. A Boston merchant, interviewed by a reform newspaper of that city,[1] said that a certain kind of pearl buttons cost twenty cents a gross to land in this country, and that the duty on them was four cents a gross; that such buttons

[1] "Boston Post," October 16, 1890. Editorial page.

retailed for five cents a dozen; that the new tariff, by imposing a duty for each "line" in addition to the old rate, added fifty-five cents to the cost and made them worth, duty paid, seventy-nine cents a gross; and that thereafter they would retail for fifteen cents a dozen. Accepting this merchant's figures, which are no doubt correct, the old system had given a margin of thirty-six cents a gross between the duty-paid price and the cost to the consumer, — one hundred and fifty per cent. advance between the importer and the household. The new system would give a margin of one dollar and one cent upon the same merchandise, which, to be sure, would be something under one hundred and thirty per cent., for trade profits. One would say that the importer was rather more unreasonable than the government, and that a measure which gave even a slight prospect of an increase of competition would be a boon to the poor sewing-women whose woes so stirred the sympathies of tariff reform senators.

The exaggeration in regard to tinware and the canning industry associated with it was carried to the most absurd lengths. It was seriously given out and published far and wide that the inevitable consequence of the higher duty on tin plate would be an advance of from fifteen to twenty per cent. in the price of canned fruits and vegetables. The basis of the assertion was an increase of one and two tenths cents on a pound of tin plate, which would possibly amount to one third of a cent on the tin used in putting up a can of tomatoes, and less than three per cent. on the retail price of the cheapest can of the cheapest vegetables, which change in the rate of duty was not to take place for eight months. All the persons concerned in any industry in which tin plate was used joined in the effort to make the duty on that article unpopular. It may not be fair to employ the word "conspiracy" to characterize their course of action. It seemed to them to their interest to magnify the burden that was about to be

placed upon them, and they joined in the movement, one and all, without needing to be urged or to organize for the purpose. In at least one case a canning factory ostentatiously posted a reduction of wages, and published as a reason the impossibility of continuing in business at the prevailing scale of wages. It is not unreasonable to think that the advance in the price of goods and the reduction of wages combined to make that an exceedingly good season for the users of tin plates, particularly as the importation of tin plates on an enormous scale at the old rate of duty proceeded until the beginning of the next canning season,[1] when there was — if the Treasury statistics are an indication — a full supply for a half year in excess of the usual stock on hand. If those statistics do not give that indication, it is a necessary conclusion that the canning business, so far from suffering a grievous diminution, as the canners and packers apprehended, was unusually large, after the passage of the McKinley tariff law.

The tinware men were not behind the canners in protesting that their industry was threatened with ruin. They announced an immediate advance of from fifteen to twenty per cent. on their wares, thus anticipating the increased duty on their raw material by eight months, during which time they could and did procure a large

[1] The importation of tin plates for home consumption, including both direct importation and withdrawal from warehouse for a series of years before and after 1890, was as follows: —

Year.	Quantity, pounds.	Value.
1887–88	632,224,296	$19,034,821
1888–89	727,945,972	21,002,209
1889–90	674,664,458	20,746,228
1890–91	1,057,711,501	36,355,580
1891–92	403,030,785	11,793,299
1892–93	613,679,990	17,252,219

The plates imported during the first four years paid duty at the old rate; the new duty did not go into effect until the beginning of the fiscal year 1891–92. It will be noticed that the import price of tin plates in 1890–91 was 3.44 cents per pound; in 1892–93 only 2.81 cents. More than half the excess of duty was offset by a reduction of the foreign price.

supply of that material. At the same time an appeal was made to the consumer which surpasses in audacity of conception any other political device of our time. When it was made it aroused the indignation of the supporters of the tariff to the highest pitch. To-day, say what we may of it from the point of view of political ethics, it moves chiefly one's sense of humor. Tin pedlers were sent through the country districts, their vans loaded with the familiar pans and other kitchen utensils "marked up" to absurdly high figures. They were instructed to represent that the increase was due to the new tariff, and that tinware would never be lower so long as the law was in force. Thus the farmers' wives were made political agents to secure votes against "McKinleyism."

The exaggeration did not confine itself to specific articles. It extended itself to the whole cost of living. The New York "Times" [1] announced editorially that "a moderate estimate of the increased cost of living in this city for the year 1891 is one fifth. That is to say it will take $1.20 to buy what has been got for $1." "A New York merchant," quoted by the same authority, "after a careful examination," concludes "that the necessaries of life must advance about thirty per cent." The chief necessaries of life are food, clothing, and shelter. The tariff did not affect bread and meat in the slightest degree; it promised and gave a large reduction in the cost of sugar. It made a slight flurry in the market for clothing which, nevertheless, during the period the McKinley act was in force, was lower on the average than ever before. Of course it did not touch rents, nor did it make any change whatever in the price of fuel. In short, it is easily demonstrable that the cost of living to the average householder was lower rather than higher under the McKinley law. It is open to objectors to show that the tariff did tend to augment the family budgets of Americans, and

[1] Quoted by the "Boston Post," date not given.

that the tendency was counteracted by other agencies. But an assertion to that effect is not proof.

In addition to the effort to persuade wage-earners that the tariff was an injury to them in the matter of the prices of articles which they must buy, there was an attempt which had surprising success to induce them to believe that the law had a harmful influence upon prices. After what had been said of the feelings of carpet manufacturers with regard to the act, one is prepared to find a man engaged in that industry [1] declaring that "if people have any idea that wages will go up a cent in consequence of the McKinley bill, they are mistaken. If there is any change in wages it must have a downward tendency. And what is more, the McKinley law will, in all probability, force manufacturers to drop many of the men and women who are now employed." The history of manufactures and of labor during the ensuing years is a sufficient reply to this remarkable prediction; but for the moment it answered the purpose of the person who made it, and still more the purposes of the political party which was carrying on the most vigorous anti-tariff campaign ever waged.

It is not to be supposed that the supporters of the act were idle and silent during that single month of October in which defeat was organized for them. But the assaults on the tariff were so many, were so difficult to answer, and were addressed to persons who would only accidentally be reached with the refutation of the criticisms upon the bill, that from the beginning the advocates of protection had no chance. The New York "Tribune" no doubt expressed the opinion of the tariff men that there was a combination of interested parties and politicians "to defeat the purpose of the tariff bill and to plunder the people," and that the trade circulars which played such a prominent part in the campaign merely made the sup-

[1] Mr. Higgins, a carpet manufacturer of New York.

posed new burdens of the tariff "a pretext for extortion." But the people at that time were not listening to the "Tribune." General denials did not remove the impression which specific allegations supported by revised price-lists made upon them. Being ready to be convinced that the tariff was an outrageous measure that would both diminish their earnings and increase the cost of what they must buy, they hearkened readily and only to those who undertook to convince them.

The end came on the 4th of November, four weeks after the tariff act took effect. It was a revolution. The Democratic victory was overwhelming. Hardly a Republican representative from the Southern States survived the shock; almost every Northern State returned a majority of Democratic or Populist Congressmen. Such States, previously Republican by enormous majorities, as Michigan, Massachusetts, Iowa, Illinois, Wisconsin, and Kansas were among those of which the statement is true. The delegations from the six New England States were equally divided between the parties. Less than 90 of the 332 members elected to the Fifty-second Congress were Republicans. The result seemed to be, and in a certain real sense it was, an emphatic rejection of the protection system by the voters of the country. Had the verdict been based upon a calm consideration of facts, and had it been reached after a sifting of evidence and a cool balancing of the merits of the opposing systems, it might, and probably would, have been final. But enough has been said to show that it was not arrived at in that way. It was based upon misrepresentation, and was a hasty, not to say a pettish, judgment upon a measure the effect of which could not be known nor even guessed with confidence. The advocates of free trade hold to their principles on the theory that they are conducive to the good not of any one man or of any class, but to that of the whole country. Protectionists urge the restrictive tariff from equally high

motives, and most of them have no selfish interest in the promotion of the industries that receive tariff assistance. The political revolution of 1890 was brought about by men who fancied themselves wronged because tinware was to be higher, by philanthropists who pitied the sewing-women condemned to poverty by an advance in the price of pearl buttons, by young men about town who resented an additional tax on cigars. Their inconsiderate votes — subsequent history shows that they thought differently upon reconsideration — prepared the way for a fresh experiment under lower duties, and ultimately for a signal victory for protection.

XVII

THE DEMOCRATIC TARIFF OF 1894

THE title of "The McKinley Bill" was "An act to reduce the revenue, to equalize duties on imports, and for other purposes." The plethoric condition of the Treasury and the consequent temptation to extravagance on the part of Congress furnished Mr. Cleveland with the occasion for his famous message of 1887. The situation did not change in the years immediately following, and the Republicans admitted that the surplus was too large. The net receipts of the government, the net ordinary expenditures, and the Treasury surplus for a series of years beginning with 1886 and covering the period up to the enactment of the Democratic tariff of 1894, exhibits the situation so far as the fiscal aspects of the tariff question are concerned.

Year.	Net Receipts.	Ordinary expenditures.[1]	Surplus.
1885–86....	$336,439,727	$242,483,139	$ 93,956,588
1886–87....	371,403,278	267,932,180	103,471,098
1887–88....	379,266,075	259,653,959	119,612,116
1888–89....	387,050,059	281,996,616	105,054,443
1889–90....	403,080,983	297,736,487	105,344,496
1890–91....	392,612,447	355,372,685	37,239,762
1891–92....	354,937,784	345,023,331	9,913,453
1892–93....	385,819,629	383,477,956	2,541,673
1893–94....	297,722,019	367,525,280	69,803,261[2]

It will be observed that during the first five years of the period reported the surplus averaged one hundred and

[1] Including interest on the public debt, which is not classed as ordinary expenditure in the Treasury tables. The post-office income is not reported in the receipts, but the deficiency of the postal service is included in expenditures.

[2] Deficit.

five millions annually; that it declined to thirty-seven millions in the fiscal year during which the McKinley act was in operation nine months; that it fell to ten millions in 1892, was almost extinguished in 1893, and was followed by a deficit of seventy millions in 1894. In order to obtain a correct view of the causes which produced this untoward result it is necessary to bring forward some additional statistics of the years under consideration.

	Imports.				
Year.	Free.	Dutiable.	Total.	Duties.	Exports.[1]
1885–86	$212,159,296	$423,276,840	$635,436,136	$192,905,023	$679,524,830
1886–87	234,221,131	458,098,637	692,319,768	217,286,893	716,183,211
1887–88	244,071,615	479,885,499	723,957,114	219,091,174	695,954,507
1888–89	256,487,078	488,644,574	745,131,652	223,832,742	742,401,375
1889–90	265,668,629	523,641,780	789,310,409	229,668,585	857,828,684
1890–91	366,241,352	478,674,844	844,916,196	219,522,205	881,480,810
1891–92	457,999,658	369,402,804	827,402,462	177,452,964	1,030,278,148
1892–93	444,544,211	421,856,711	866,400,922	203,355,017	847,665,194
1893–94	379,795,536	275,199,086	654,994,622	131,818,530	892,140,572

Year.	Revenue from sugar.	Bounty paid on sugar.	Pensions.
1885–86.....	$50,265,538		$63,404,864
1886–87.....	56,507,496		75,029,102
1887–88.....	50,647,014		80,288,509
1888–89.....	54,896,437		87,624,779
1889–90.....	53,985,874		106,936,855
1890–91.....	32,303,693		124,415,951
1891–92.....	76,795	$7,343,078	134,583,053
1892–93.....	163,956	9,375,131	159,357,558
1893–94.....	250,764	12,100,209	141,177,285

The foregoing tables will enable us to explain in part the singular change which came over the national finances during the period covered by them. They do not explain the events fully, although upon a superficial study they seem to do so. Other causes were at work, varied and complex. The McKinley act, as will be seen at a glance, accomplished the first object announced in its title. It reduced the revenue. It did not cause a diminution in the

[1] Including reëxports of foreign merchandise, which ranged from 12 to 23 millions.

amount of imports; neither its authors nor its supporters ever asserted a purpose to effect such a diminution. On the contrary the value of importations increased steadily from 1886 until 1893. Each year except 1892 showed an advance over the year preceding, and the imports of 1893 were valued 36 per cent. higher than those of 1886. Nevertheless the customs receipts in 1893 were but eleven millions, or five and a half per cent., more in 1893 than in 1886; and they were twenty-six millions less in 1893 than in 1890, upon importations greater in value by eighty-six millions. This particular decrease was chiefly the result of a deliberate sacrifice of the sugar duty, the great boon which was offered to the people by the McKinley act. More than fifty millions of revenue was surrendered, and in addition the Treasury was charged with sugar bounties, which, in the year of the first national deficit since the close of the Civil War, amounted to twelve millions more. Furthermore the pension charges increased enormously. In the whole period 1886–94 they increased seventy-eight millions. They were fifty-two millions more in 1893 than in 1890. If we compare these two years, 1890 when the McKinley act was passed and 1893 when the new administration undertook to reform it, we find a loss of fifty-four millions of revenue, a new expenditure of nine millions for sugar bounties, and an increase of fifty-two millions on account of pensions, a combination almost sufficient to have wiped out even the wonderful surplus of 1888. All these changes were undoubtedly the result of Republican legislation, and they reduced the surplus to a paltry two and a half millions. On the other hand it was not Republican legislation but the expectation of Democratic legislation in the direction of lower duties that caused a decrease of more than two hundred millions, value of imports, in 1894 as compared with 1893, and a loss of almost seventy millions of revenue from customs.[1] The sum so

[1] Imports for home consumption, dutiable, 1893, $400,282,520; 1894,

lost was, in fact, almost exactly the amount of the deficit in the year 1893–94.

In stating explicitly the perilous position of the Treasury when the Democrats took over the government, and the direct agency of the Republicans in bringing it to that position, the author must not be understood as laying unqualified blame upon the Republican Congress. The verdict might be guilty, with extenuating circumstances. There is good ground for holding that the decline in the surplus would not have been so great, at all events that there would have been no deficit, if the Republicans had continued to hold the power. They undertook to reduce the revenue, and succeeded only too well. They also adopted certain policies which laid heavy burdens upon the revenue so reduced. Had they remained in control of Congress and of the executive department they would have been compelled, in recognition of their mistake in crippling the Treasury at both ends, to amend their own laws, at least to the extent of saving a nominal surplus. This they were unable to do. Before the first indications appeared that a revision of fiscal measures was imperative one end of the Capitol was occupied by a Democratic House of Representatives. It may further be contended, without impeaching in the smallest degree the patriotism or the wisdom of the Democratic party, that the fact of its success was effectual in preventing a fair trial of the McKinley law. It was nothing more than enlightened self-interest that prompted importers of sugar to buy and bring into the country all the raw sugar their means and the markets of the world would enable them to purchase.[1]

$256,645,702; decrease, $142,636,818. Duties thereon, 1893, $198,373,453; 1894, $128,881,869; decrease, $69,491,584. These amounts differ from those of total imports, which indicate a still larger loss. The decline in the amount of free goods imported was smaller, both absolutely and comparatively.

[1] The imports of sugar in the year 1893–94 exceeded those of the previous year by 260,000 long tons.

They foresaw the imposition of a duty, and took the natural and proper means of avoiding it. On the other hand the importers of articles of the protected classes rightly forecasted a reduction of duties and purchased no more than could be marketed before the new tariff should go into effect. Finally the political overturn so deranged everything, caused so much uncertainty and apprehension as to the future of every business in any way dependent upon the protective features of the tariff, that operations in all the channels of commerce and trade were diminished in volume, a condition which always of necessity has an adverse influence upon the Treasury. Yet it cannot be contended that a party in power is exempted from responsibility for the ill success of its measures when its political skies are clouded. A party takes and is bound to take the chances of a political tempest. Its laws should be framed so as to be appropriate for stormy as well as for fair weather. It can throw off the responsibility for disaster resulting from those laws only if it can justly allege that they have been maladministered.

Although upon the face of the statistics that have been presented it appears that the Treasury reverse is almost exactly accounted for by the repeal of the sugar duty, the payment of the sugar bounties, and the increase of pensions, yet other agencies, as has already been said, contributed to the result. These agencies counterbalanced the direct benefit the McKinley act brought, not to the Treasury but to the people. For if it be true that a remission of taxation enures to the benefit of the people and ministers to their prosperity — a proposition which is not likely to be disputed in any quarter — then the abrogation of the sugar duty, which is almost a tax *per capita*, resting as it does in nearly equal amount upon rich and poor alike, must have been an enormous boon to the American people.[1] The wholesale price of sugar

[1] The annual average wholesale price of granulated sugar, in New York,

during the three years immediately after the enactment of the McKinley law was exactly 2.5 cents less than the corresponding price during the three years immediately preceding that act. Upon a *per capita* consumption averaging 54 pounds during the earlier and 64 pounds during the later years of the period,[1] the reduction of the cost of sugar in the family budget was $1.35 at least for every inhabitant of the country, or more than one third of the total duty on imports, *per capita*, collected by the government.[2] If it be urged, according to the free trade theory, that a part only of a protective duty goes to the government, that the remission of the sugar duty was more than offset by enhanced rates on manufactured goods, resulting in higher prices, to the benefit of manufacturers but to the injury of the poor, and that consequently the people paid more in taxes under the McKinley law than they did before, — the answer to the argument is easy. We need not discuss the free trade principle thus cited, we might even admit it, for the sake of argument. The fact that prices generally were lower under the McKinley act than under the tariff which preceded it is destructive of the thesis that the act of 1890 increased the cost of living. Whatever may have been the cause, whatever may have been the change in the condition and the profits of manufacturers, that fact controls. The lower prices prevailed in respect of most if not all of the protected articles, — coal, iron, cotton cloth, and woollen goods among them. The distribution of the price of merchandise makes no difference to the purchaser after the money passes from his hands. It neither injures nor benefits him if the amount of a duty assessed upon the pocket-knife which he buys

in 1888, was 7.18 cents; in 1889, 7.89 cents; in 1890, 6.27 cents; in 1891, 4.65 cents; in 1892, 4.35 cents; in 1893, 4.84 cents. (Statistical Abstract for 1895, p. 376.)

[1] *Ibid.* p. 291.

[2] Duty *per capita* collected, 1888, $3.60; 1889, $3.62; 1890, $3.62. *Ibid.* p. 248.

goes to the Treasury or to the cutler. All he cares for, unless he be greatly interested in the tariff question, is whether the knife is cheap or dear. Inasmuch as all authorities agree that the scale of prices was lower under the McKinley act than before, that measure cannot be held accountable for an increase in the cost of living, and consequently for a malign influence upon the prosperity of the country.

Indeed it was during this self-same period of the operation of the McKinley act that the outcry was most persistent that the country was being carried rapidly on the road to ruin by a terrible fall in prices. The decline in the nominal values of goods was ascribed to the partial discontinuance of the use of silver as money. It was treated as a calamity, and those who uttered this complaint were to a large extent the same statesmen who in the next breath assured the workingman that the McKinley act was increasing the price of everything he had to buy. Manifestly in the one case or the other the argument needs to be revised, for a fall in the price of an article and a rise in the price of the same article cannot take place at one and the same time, nor can both of the movements be injurious to the same person. The part which silver played in the economy of the period is discussed in the preceding chapter. To a large extent the malady was hypochondria. There was a morbid depression resulting from gloomy fancies, rather than from a real ailment. In the view of the author the chief cause of the failure of the McKinley act to protect the Treasury from loss of the surplus is to be found in the extensive industrial changes then about to culminate, which temporarily prevented the country from reaping fully the fruits of its activities. The reasons for this opinion need not be repeated. Whatever effect the situation in respect of silver may have had, on the one hand in a calamitous fall in prices, to the detriment of the poor, as the advocates of the white metal

maintained, on the other hand in a hampering of enterprise through the apprehension of capitalists that the value of debts owed to them was about to be cut in half, — in either case the Republicans were responsible for that evil also. If the Bland Dollar Act of 1878, and the Silver Purchase Act of 1890 did not represent the policy which Republicans generally approved, those measures were nevertheless concessions, born of political timidity, to a propaganda the strength of which they did not venture to test.

The conclusion of the whole matter, so far as the fiscal consequences of the McKinley act are concerned, as the events of the time present themselves to the mind of the author, may be stated thus: that in a time of average prosperity and of political stability the act would have been productive of ample revenue; but that an industrial disturbance greater than the country had ever known, a condition of universal uneasiness and apprehension, — on the part of some persons because silver was too little used as money, on the part of the rest because it was too much so used — and the business uncertainty engendered by a political revolution which threatened to be complete and permanent; all these things contributed to the result of reducing the surplus far below the point intended by the Republicans.

Since a political party cannot excuse the failure of a piece of legislation for which it is responsible by pleading that unforeseen circumstances prevented its success, the Democrats were fairly entitled to a verdict upon an accusation that the McKinley act considered as a fiscal measure pure and simple was a political blunder. It was for them to propose a law that would produce sufficient revenue. Inasmuch as they denounced the fundamental principle on which the act was based, that of protection as well as revenue, it was their privilege and duty to bring forward, and when they should obtain the power to pass,

a law which should, while providing adequate revenue, eliminate all duties levied for purposes of protection, and reduce to a revenue standard all duties retained. We are to see how that duty, explicitly undertaken by themselves and in no sense imposed upon them by their political opponents, was performed.

Before entering upon that subject it is proper to say briefly that the McKinley act accomplished the equalization of duties and the "other purposes" announced but not specified in the title, as effectually as it reduced the revenue. The agricultural schedule was successful in the object for which it was framed as will be discovered by any one who studies the tables of importations. Raw materials were greatly favored by the act, in spite of assertions to the contrary by opponents of the measure. The importation of crude articles intended for manufacture, admitted free of duty, increased in value from 119 million dollars in 1890, the highest amount in any year up to that time, to 149 millions in 1891; to 156 millions in 1892; and to 176 millions in 1893. Dutiable articles of the same class decreased in value from 60 millions in 1890 to 42 millions in 1893. This was a direct consequence of the transfer of "raw materials" from the dutiable to the free list. In the year 1891–92, for the first time in the history of the government the value of free goods exceeded that of dutiable merchandise, and the excess continued to be on the same side of the account so long as the McKinley act was in force. The foreign trade was in a healthy condition; both imports and exports increased. Those who adopt the free trade maxims cannot dispute the fact of a fair degree of prosperity under this law, in view of the increase of eleven per cent., amounting to 86 millions, in the value of imports, of which increase 20 millions was in articles of food, chiefly sugar, and 40 millions in the raw materials of manufacture. Meantime manufactures were prosperous, and until clouds began to darken the

political sky labor was fully employed. Two of the leading features of the act which have not hitherto been mentioned were splendidly successful. The tin-plate manufacture was established, and under the reciprocity policy the exports to Cuba were increased from less than 13 millions in 1890 to nearly 20 millions in 1894. It cannot be doubted that far greater results would have been attained in respect of both these features had it not been for the political events which indicated that as to both of them the national policy would be reversed. In short, it may be said without qualification that in spite of the impeding effect of a popular condemnation of the law before it had been in operation thirty days, its working was satisfactory to those who were instrumental in passing it, in every respect save that it was inadequate as a revenue measure.

The triumph of the Democrats in the congressional elections of 1890 was overwhelming. After the adjustments consequent upon contested elections had been made, the Democrats had 233 members of the House of Representatives, the Republicans 88, and the Farmers' Alliance, afterward known as Populists, 9. Mr. Charles F. Crisp, of Georgia, was elected Speaker, and he appointed Mr. William M. Springer, of Illinois, as chairman of the Committee on Ways and Means. The Republicans continued in control of the Senate; they had 47 members; the Democrats 39; the Populists 2. The term of the Fifty-second Congress covered the second half of Mr. Harrison's term as President.

The President in his annual message, in December, 1891, maintained that the tariff act of 1890 in its results had "disappointed the evil prophecies of its opponents and in a large measure realized the hopeful predictions of its friends. Rarely," he asserted, "if ever before in the history of the country has there been a day when the proceeds of one day's labor or the product of one farmed

acre would purchase so large an amount of the things that enter into the living of the masses of the people." He expressed the opinion that there was nothing in the condition of trade nor in the condition of the people of any class that suggested that the existing revenue laws bore oppressively upon the people or retarded the commercial development of the nation. Accordingly he deprecated change, or a renewal of the tariff agitation.

Undoubtedly he did not expect his opinion to be accepted or his advice to be followed. The Democrats foresaw a political victory in 1892, and an opportunity to carry out the policy which they had advocated with more or less steadiness for some years. They were by no means united upon the issue of "a tariff for revenue only," but they were more harmonious upon that than upon any other, they were sure of some accessions from the Republican party if that were the paramount issue, and they entered upon a tariff campaign with confidence and vigor. The first thing in order was to determine upon a general plan of attack. Several methods were available: the House of Representatives might send to the Senate a bill proposing a complete revision of the tariff; a general reduction might be proposed, on a scale of horizontal reduction; or certain features of the existing law might be singled out for attack. The Democratic leaders unanimously rejected the first plan. They said frankly, in speeches and in writing, that to place before the public a scheme of a complete tariff just before the general election would be to repeat the Republican blunder and to risk a political defeat needlessly at a time when nothing could be accomplished beyond a premature disclosure of their plans. Again, to propose a horizontal reduction not only would revive the memory of a notable Democratic failure, but it would be open to the objection of merely diminishing in degree the "iniquities" of the McKinley act, when they should be torn up, root and branch. They wisely chose

the third method: attack upon what seemed to them the weakest points of the new tariff. There was a fourth course open to them, but it seems never to have been considered seriously. It was to leave the law untouched and unattacked, in confidence that it would prove so detrimental to the country that the people would rise in indignation and demand that it be swept away completely. That also would have been taking more risk than a political party eager for power and hopeful of obtaining it could have been expected to take.

The public was carefully prepared for the plan which was deemed the wisest. Mr. Springer wrote an article for the "North American Review" for February, 1892, in which he developed fully the reasons for the course that was to be pursued. Mr. David A. Wells, in a letter to Mr. Springer dated February 1, 1892,[1] argued strongly in favor of this mode of attack. No doubt he had verbally expressed this view, and wrote the letter expressly for publication. He argued that "to frame a new tariff bill, wisely embodying reform ideas" would be a work of immense labor, and that it would put the framers on the defensive; whereas, until they obtained full power to carry their measure through to enactment, they should be the attacking party. It would bring down upon them the full force of the protectionists. "On the other hand, under the tentative plan — that is of a comparatively few issues — the tendency of those interests not immediately affected would be to sluggishness and indifference." He made the point that Sir Robert Peel, "in dealing with exactly the same problem as now confronts tariff legislators," repealed a few duties, thereby made his opponents in that case his strongest supporters when he brought forward his second measure, and ultimately toppled over the whole edifice of protection by pulling out the props singly. Mr. Wells gave it as his

[1] "Tariff Reform the Paramount Issue." By William M. Springer. New York, 1892, p. 310.

opinion that Sir Robert would not have been successful if he had attempted to reform the British tariff as a whole, "and I venture to predict that if we now adopt the same policy," — that is, attack the American tariff in detail, — "history on a grander scale will repeat itself."

It is not intended to give at length the legislative history of the bills which Mr. Springer introduced and carried through the House of Representatives. The Republicans sneered at the bills, which they contemptuously characterized as "pop-guns," and they never took Mr. Springer seriously or regarded him as a dangerous opponent. The Democrats did not expect the bills to become law. To be sure, Mr. Springer said in his "North American Review" article that there were "several features of the McKinley bill (*sic*) which may be amended or repealed during this session," and that "the Republican Senate and the President would hardly take the responsibility of refusing some of the measures of relief which may be brought forward and passed by the House of Representatives." But he was too old a politician to suppose that the Republicans would be really alarmed by his "pop-guns." The usual Democratic justification of the measures was that the party was conducting a "campaign of education." That they did quite effectively. They were far more active and successful in setting forth the advantages of free wool, free coal, free salt, free iron ore, and free raw materials generally, than were their opponents in advocating protective duties upon them. Mr. Wells was quite right in his prediction that those who were not attacked in their interests would be comparatively sluggish and indifferent. There was no particular warmth in the opposition to making wool free, in the regions where the removal of the duty on coal was felt to be a local injury. The protectionists in Congress worked together and stood together. In the country, local public opinion was aroused upon those features only which touched the interests of the particular

community. So far, Mr. Wells was right; his prevision failed him when he supposed that in the face of an attack which could pass the condition of being a threat, and was in danger of being successful, the protectionists would be indifferent or sluggish in the defence of their system as a whole and at every point.

The bills that dealt with the tariff proper were five in number: (*a*) a bill to place wool on the free list and to reduce the duty on woollen goods; (*b*) a bill to admit free of duty bagging for cotton, machinery for manufacturing bagging, cotton-ties, and cotton-gins; (*c*) a bill to place binding-twine on the free list; (*d*) a bill to reduce and ultimately to abolish the duty on tin and terne plates; and (*e*) to reduce the duty on lead ores.

The wool bill abolished the duty on wool on and after the 1st day of January, 1893, reduced the duty on woollen and worsted yarns to a uniform thirty-five per cent., and on all goods made of wool it made a reduction of from five to twenty per cent. The bill was accompanied by a report in which there was nothing new, because there could be nothing novel to be said upon a question that had been so often and so thoroughly discussed. It was brought to a vote on the 7th of April and was passed by a vote of 194 ayes to 60 noes. The majority was composed entirely of Democrats and Populists; the minority of 58 Republicans and 2 Democrats, both Wisconsin members.

The cotton-bagging and cotton-ties bill came up on the next day and was passed on the 9th of April. It provided for the admission free of duty of all material suitable for covering cotton, partly or wholly composed of flax, jute, or jute butts; of all machinery used in the manufacture of bagging for cotton; of cotton-gins and parts thereof; and of all hoop or band iron or steel partly or wholly manufactured into hoops or ties "for baling purposes." An amendment was proposed to substitute the word "cotton" for "purposes" in the quoted clause, but

it was rejected. The bill was passed by a vote of 167 to 46, the affirmative, as before, being composed wholly of Democrats and Populists, the negative of 44 Republicans and 3 Democrats, one each from Missouri, New Jersey, and Wisconsin.

The binding-twine bill was managed by Mr. Bryan, of Nebraska, who, on May 2, moved to suspend the rules and pass the bill, which was carried by yeas 183, nays 47. Three Republicans, one from Kansas and two from South Dakota, voted in the affirmative; three Democrats in the negative, members from New Jersey, New York, and Wisconsin.

The tin-plate bill proposed to reduce the duty on all tin and terne plates, on and after October 1, 1892, to one cent a pound and to admit such articles free of duty on and after October 1, 1894; also to allow a rebate of one and two tenths cents on all original and unbroken packages of tin plate held by importers, dealers, and consumers, at the time the bill was to go into effect. This bill was passed, July 8, under a suspension of the rules by a vote of 207 to 61. No Democrat or Populist voted against this bill, and no Republican supported it.

The fifth and last of the bills, that relating to lead ores and silver ores containing lead, was passed on the same day, July 8, also under a suspension of the rules, by a vote of 196, all Democrats or Populists, to 63, — 59 Republicans and 4 Democrats, two from Pennsylvania, and one each from Montana and Ohio.

The articles selected by the Democrats for their campaign of education were well chosen. They were those which would recommend them to the voters whose suffrages were not only desired but also presumably obtainable. Free wool was a Democratic principle. Cheaper woollen goods bade fair to attract many of the wage-earners who were constantly urged to remember that when they bought their clothing they paid a tax for the

benefit of the manufacturers of woollen and worsted goods. Free cotton-bagging and cotton-ties appealed to the South, the vote of which, to be sure, was already Democratic; free binding-twine to the farmers of the grain-growing States; free tin plates to the people of the fruit-raising region. It will be observed that free coal and free iron ore were not in the programme. Bills to abrogate the duty on those commodities would have encountered opposition in the middle Atlantic region, and it was desirable to make no proposition which would reveal a lack of harmony in the purposes of a party bent on tariff reform. It must be conceded that considered as a piece of political strategy the plans of the Democrats were well and wisely laid and fully executed. Moreover they contributed to the object sought, and in due time obtained. The resistance encountered within the party was insignificant. To be sure there were in all twelve Democratic votes against one or another of four of the bills. That they were votes against concrete things and not against the Democratic principle is shown by the fact that the twelve votes were given by eleven different members.

The bills were all referred by the Senate to its Committee on Finance, and in due time were reported back adversely by the committee. Each bill was accompanied by an elaborate report giving reasons why it should not become a law. Not one of the bills was taken up for action.

From the day of the success of the Democratic party at the congressional elections of 1890 there was no doubt that the tariff was to be the great issue in the ensuing presidential election of 1892. There were other issues, but they were used only to attract or to hold votes which upon a plain question between protection and revenue reform would have been lost by one party or the other. The personality of the candidates of the leading parties, Mr. Cleveland and Mr. Harrison, entered into the case.

The great growth of the Populist party, chiefly in the Western States, was an important element in the canvass. This is not the place to attempt an analysis of the several causes that led to the result of the election in 1892, and to apportion to each of these causes its share in that result. It is sufficient to say that the tariff was the determining cause and, dismissing from consideration the other issues, to set forth the history of the canvass in its relation to this issue only.

In the spring of 1892 both parties were confident of victory. Some of the State elections of 1891 had encouraged the Republicans to entertain a hope that in one year more the country would have recovered wholly from the reaction of 1890. Moreover there was apparently a schism in the Democratic party in New York which seemed fatal to the prospect of that party in the "pivotal" State. But the hopes of the Democrats, based upon the general situation, had a solid foundation. They were sure of the vote of the Southern States. They saw with delight the increase of Populist strength in the West; for although the new party drew into its ranks some Democrats, it made ruinous inroads upon the Republican party, and showed itself ready to coalesce with the Democrats in all States where such a fusion promised success.

The Republican national platform reaffirmed "the American doctrine of protection," asserted "that the prosperous condition of our country is largely due to the wise revenue legislation of the Republican Congress," and "that the prices of manufactured articles of general consumption have been reduced under the operation of the tariff act of 1890," and denounced "the efforts of the Democratic majority of the House of Representatives to destroy our tariff laws piecemeal."

The action of the Democratic national convention was unusual, radical, and dramatic. There was a prolonged and intense struggle in the committee on resolutions be-

tween the conservatives and the advocates of free trade. The conservatives carried their point in committee, and reported the following resolution: —

We reiterate the oft-repeated doctrines of the Democratic party that the necessity of the government is the only justification for taxation, and whenever a tax is unnecessary it is unjustifiable; that when custom-house taxation is levied upon articles of any kind produced in this country, the difference between the cost of labor here and labor abroad, when such difference exists, fully measures any possible benefits to labor; and the enormous additional impositions of the existing tariff fall with crushing force upon our farmers and workingmen, and, for the mere advantage of the few whom it enriches, exact from labor a grossly unjust share of the expenses of the government; and we demand such a revision of the tariff laws as will remove their iniquitous inequalities, lighten their oppressions, and put them on a constitutional and equitable basis. But in making reduction in taxes it is not proposed to injure any domestic industries, but rather to promote their healthy growth. From the foundation of this government taxes collected at the custom house have been the chief source of federal revenue. Such they must continue to be. Moreover, many industries have come to rely upon legislation for successful continuance, so that any change of law must be at every step regardful of the labor and capital thus involved. The process of reform must be subject in the execution to this plain dictate of justice.

The conventions of 1876 and 1880 had demanded a tariff for revenue only. The defeat of 1880 on the tariff question led to the insertion in the platform of 1884 of a resolution similar to that just quoted. In fact, the closing sentences, beginning with the words "But in making" are taken word for word from the platform of 1884. The platform of 1888, which has already been cited,[1] contains a similar saving clause. The radicals in 1892 were not satisfied with the proposed *quasi* admission of a modified

[1] Page 237.

protection principle, and renewed the struggle in the convention. After a sharp debate they carried their point upon an appeal to the delegates to avow their real opinions. By a vote of 564 to 342 the convention struck from the platform the "plank" just quoted and substituted the following: —

We denounce the Republican protection as a fraud, a robbery of the great majority of the American people for the benefit of the few. We declare it to be a fundamental principle of the Democratic party that the federal government has no constitutional power to impose and collect tariff duties, except for the purposes of revenue only, and we demand that the collection of such taxes shall be limited to the necessities of the government when honestly and economically administered.

We denounce the McKinley tariff law enacted by the Fifty-first Congress as the culminating atrocity of class legislation; we indorse the efforts made by the Democrats of the present Congress to modify its most oppressive features in the direction of free raw materials and cheaper manufactured goods that enter into general consumption, and we promise its repeal as one of the beneficent results that will follow the action of the people in intrusting power to the Democratic party. Since the McKinley tariff went into operation there have been ten reductions of the wages of laboring men to one increase. We deny that there has been any increase of prosperity to the country since that tariff went into operation, and we point to the dulness and distress, the wage reductions and strikes in the iron trade, as the best possible evidence that no such prosperity has resulted from the McKinley act.

There was a third paragraph "calling the attention of thoughtful Americans" to the existence of a large mortgage debt upon "the homes and farms of the country." Inasmuch as its statements were inaccurate, and since the Democrats asserted by implication only that the tariff stood in a causative relation to the mortgages, it is not necessary to discuss nor even to quote it.

The declaration by the Democratic convention was the boldest and most radical pronouncement against the tariff ever put forth by a responsible political party. The fact that its adoption was opposed by three eighths of the delegates voting is significant in view of the events of the next two years. The essentially political character of the tariff discussion in the United States, as distinguished from its fiscal and its social-economical character, has made itself manifest many times. It was never more clearly political than in the canvass of 1892. When it becomes necessary to compare the principle announced in that year with the tariff law passed in 1894 it will be appropriate to consider how far the radical platform was binding upon a Democratic Congress. At present it must suffice to indicate how the question was treated by the two parties in the ensuing canvass. Mr. Harrison, in his letter of acceptance of the Republican nomination, dated September 3, 1892, referring to the rejection of a plank in the Democratic platform containing "a distinct admission . . . that American workmen are advantaged by a tariff rate equal to the difference between home and foreign wages," and the substitution of a declaration "that protective duties are unconstitutional — high protection, low protection — all unconstitutional," remarks: "A Democratic Congress holding this view cannot enact, nor a Democratic President approve, any tariff schedule the purpose or effect of which is to limit importations, or to give any advantage to an American workman or producer." That statement is logical and irrefutable. But the result showed that the Democratic Congress did not "hold this view." Whether the Democratic President held it is not known. If he did he withheld it in writing his own letter of acceptance. There is an abundance in it of rhetorical rejection of "protection theories." Mr. Cleveland represents the Republicans as "boldly presenting" the "dogma" that "tariff taxation is justifiable for the express purpose and

intent of thereby promoting special interests and enterprises" — a form of statement which no protectionist would accept — and he pronounces this to be "clearly contrary to the spirit of our Constitution." He thus weakens the convention declaration at both ends, limiting its condemnation to one inaccurately stated object of levying customs duties where the convention had condemned every object save that of revenue, and substituting for a denial of constitutional power the mild phrase "contrary to the spirit of our Constitution." It may be submitted without comment whether the following passage from the letter of Mr. Cleveland suggests concurrence in the radicalism of the convention, or a paraphrase of the rejected plank: —

Tariff reform is still our purpose. Though we oppose the theory that tariff laws may be passed having for their object the granting of discriminating and unfair governmental aid to private ventures, we wage no exterminating war against any American interests. We believe a readjustment can be accomplished, in accordance with the principles we profess, without disaster or demolition. We believe that the advantages of freer[1] raw material should be accorded to our manufacturers, and we contemplate a fair and careful distribution of necessary tariff burdens rather than the precipitation of free trade.

We anticipate with calmness the misrepresentation of our motives and purposes, instigated by a selfishness which seeks to hold in unrelenting grasp its unfair advantage under existing laws. We will rely upon the intelligence of our fellow countrymen to reject the charge that a party comprising a majority of our people is planning the destruction or injury of American interests; and we know they cannot be frightened by the spectre of impossible free trade.

The thoroughness of the Democratic success in the elec-

[1] The use of the phrase, "freer raw material" instead of the "free raw materials" of the platform was frequently referred to during the final discussion in the Senate of the tariff act of 1894.

tion of 1892 was unexpected even to the victors; it was a source of chagrin and surprise to the vanquished. Mr. Cleveland was elected by a large plurality of the popular vote, and by a majority not much less than two thirds of the State electors. Beside carrying all the Southern States he had the votes of six Northern States and divided the electoral vote of three other States of the North. The congressional elections were not so favorable to the Democrats as those of 1890, but 216 Democrats were chosen members of the House of Representatives to 125 Republicans and 11 Populists.[1] A sufficient number of State legislatures were carried by the Democrats to change the political complexion of the Senate, which stood: Democrats, 44; Republicans, 37; Populists, 4; vacancies, owing to the failure of Montana, Washington, and Wyoming to effect an election, 3. Thus for the first time since the inauguration of Abraham Lincoln in 1861, a period of thirty-two years, the Democrats were in full control of both the executive and the legislative branches of the government.

The steadily increasing prominence of the silver question in national politics was recognized by both parties and into the platform of each was inserted a resolution so framed that both silver and anti-silver men could accept it as an expression of their views. The Democrats denounced the silver purchase act of 1890 as "a cowardly makeshift," and practically though not explicitly pledged themselves to repeal it. When, therefore, in the summer of 1893, the "possibilities of danger" with which it was declared to be fraught became present and threatening dangers, President Cleveland summoned Congress in extraordinary session. The proclamation was dated June 30, and the special session began on the 7th of August.

[1] These are the numbers at the end of the second session of the Fifty-third Congress as given in McPherson's "Handbook of Politics" for 1894. There were then four vacancies.

The President's message was devoted entirely to the perils impending as a result of the act of 1890, and closed with an urgent recommendation that the provisions of that act authorizing the purchase of silver bullion be promptly repealed. The House of Representatives passed the bill on the 28th of August, but the Senate did not pass it until the 28th of October, and as the Senate bill was a substitute for that of the House, concurrence was not reached until the 1st of November. There was thus a period of nearly three months available for the preparation of a tariff bill to be presented to Congress for action at the second — the first regular — session.

The hopes of radical tariff reformers had been raised high by the result of the election of 1892. The votes had hardly been counted when the New York "Nation" began to advise that President Cleveland, who was yet nearly four months from the time when he was to take the oath of office, should call Congress together to repeal the McKinley act; and it looked forward to the halcyon times when the American workman could "go to sleep under a real woollen blanket, and not under a McKinley cotton or shoddy simulacrum."[1] The expectations of the radicals seemed destined to be realized when Mr. Crisp, reëlected Speaker, appointed Mr. William L. Wilson, of West Virginia, chairman of the Committee on Ways and Means, and constituted the Democratic part of the committee exclusively from the most thorough-going tariff reform element of the party. Mr. Wilson was a scholarly, well-informed, and sincere statesman, and commanded universal respect. Before he entered public life he was a college professor; after he retired from politics he became the president of a university. It is not intended as an adverse criticism upon him that his tastes were bookish, that his mind was essentially logical, and that he derived his economical view from the writings of economists rather than

[1] November 17, 1892.

from personal observation of and acquaintance with the actual working of tariff laws ; but the facts do perhaps explain the depth and immovability of his conviction that the whole system of protection was based upon a fundamental economic error. No one of his associates, even those who differed from him radically on the tariff question, ever entertained a belief that his motive in working for lower duties was the mere winning of a political victory that would put his party in power. He was earnest in the cause as a man fully persuaded that success would be beneficial to the country.

The committee was appointed on the 23d of August, 1893. Soon afterward it gave notice that it would grant hearings until the 20th of September only. Its action in this respect was violently condemned by the Republicans, who also found fault because the committee availed itself of the assistance of the Secretary of the Treasury and the services of employés of his department. It is not necessary to refer in detail to the criticisms made upon the committee in the matter of the preparation of the bill. The objections were political only. It is the duty of an opposition to oppose, but it is the privilege of a majority to formulate its measures in such a way and by such means as seem best suited to make those measures satisfactory to the party which must be responsible for them. Mr. Wilson's committee rightfully pursued that course. The members devoted much time to the preparation of the bill, and reported it to the House of Representatives on the 19th of December. The elaborate report which accompanied it was written by Mr. Wilson. It opened with the statement that the American people, after the most thorough debate in the history of the country, had decided that the McKinley act was wrong in principle and injurious in operation. The committee nevertheless admitted, in the first paragraph of the report, that which Mr. Wilson afterward repeated in his opening speech upon the bill, that the

Democratic members of the committee did not present the measure "under any illusion as to its true character. They have had to deal with a system that has grown up through thirty years of progressive legislation. They do not profess that they have been able, at one stroke of reform, to free it from injustice, or to prepare a bill directly responsive to the command of the people. They have dealt as intelligently and fairly as they could with existing conditions." He added that they had encountered not only the usual difficulties of reform but also "some very unusual difficulties." Many friends had fallen away when a definite measure was presented. "We knew," he said, and the "Record" reports that the remark was applauded, "that not all who march bravely in the parade are found in line when the musketry begins to rattle. This is always the case. Reform is beautiful upon the mountain top or in the clouds, but ofttimes very unwelcome as it approaches our own threshold."[1] If this remark be closely analyzed, it will be seen that it can have but one meaning, namely, that the party of tariff reform included many men whose attitude resembled that of the English fish dealer who was in favor of free trade in everything but herring.[2]

It would be impossible to mention in detail the features of the bill, which covered 140 of the broad pages upon which bills pending in Congress are printed. The main ideas were "free raw materials" and a large reduction of the duties on manufactured goods. Wool, coal, iron ore, and lumber were all transferred to the free list, as were also cotton-ties, binding-twine, and fresh fish. Hides

[1] Appendix to the "Congressional Record," second session, Fifty-third Congress, p. 193.

[2] "Now, I assert that, with the exception of placing these [silver-lead] ores on the free list, there would not have been one word raised against the Wilson bill in my district." (Speech of Mr. Morgan, of Missouri. Appendix to "Congressional Record," p. 310.)

and raw sugar were retained upon the free list. It will not be attempted to specify the reductions proposed upon manufactured articles classed as protected. Few if any duties were left untouched.

The bill was received by the Republicans with the chorus of disapproval that was to have been expected. There were jeers at the committee which had not ventured to make a bill in accordance with the brave programme of the Democratic platform, and there were denunciations of the committee which had aimed deadly blows at American industries. These apparently self-contradictory criticisms were not inconsistent, since there are many stopping-places on the road from adequate protection to a strictly revenue tariff. Democrats generally accepted the bill as a movement in the right direction. So far as is known there were no publicly made objections to the bill on the ground that it was too radical. Those who held that opinion refrained from expressing it and bided their time. The New York "Nation," which represented a somewhat uncompromising free trade sentiment, said,[1] "The people resolved to turn over a new leaf. They put the Democratic party in power with express orders to reform the tariff. This order has been executed in part by the committee of which Mr. Wilson is chairman." On the other hand Mr. Henry Watterson, of Kentucky, to whose untiring efforts in favor of free trade were chiefly due the courageous declaration of the Democratic platform, denounced the Wilson bill as a cowardly surrender to protection. In a speech at Louisville on "Jackson Day," in January, 1894, he declared that the Democrats in Congress were frightened.

On the 5th of January, 1894, the Committee on Rules brought into the House of Representatives a resolution providing a programme for the consideration of the tariff bill. Immediately after the morning business, each day,

[1] December 28, 1893.

the bill was to be taken up; general debate was to terminate on January 10; thereafter until January 25 the bill was to be "open to amendment in any part thereof;" on the 25th the House was to come to a vote on the passage of the bill; and evening sessions were to be held during the whole period, "to be devoted to general debate on said bill only." The Republicans made objections to the system of indiscriminate amendment instead of orderly consideration by paragraphs, and to other parts of the resolution. By refusing to vote they broke the quorum day after day, for the House had refused to adopt Mr. Reed's rule of "counting a quorum." It was not until the 8th of January that the Democrats mustered a quorum of their own party and adopted the resolution by a vote of 184 to 1, no Republican voting.

Mr. Wilson opened the debate on the same day. His speech followed generally the lines of his report, and was for the most part a dissertation on the advantages of a policy of free raw materials. It was academic, rather than practical and adapted to the existing situation. "It is a condition which confronts us, not a theory," said Mr. Cleveland, in his famous message of 1887. Mr. Wilson devoted an early passage in his speech to an account, from a Democratic point of view, of the process by which the Treasury was brought to a state of "depletion." Neither then nor in any subsequent part of his speech did he attempt to show that it was the purpose or would be the result of the bill he was advocating, to provide adequate revenue. On the contrary he estimated that there was to be a remission of fourteen millions of revenue on fifty million dollars' worth of "raw materials" transferred to the free list, and that the reduction of duties on "finished articles" would cause a loss of sixty-two millions more. He dismissed all the questions which as the chairman of the Committee on Ways and Means it was his duty first to consider, with this light-hearted

remark: "While this bill will at first effect some reduction, some substantial reduction of revenue, the experience of the past justifies us in believing that this reduction will soon be compensated by an increase of revenue under lower duties." The experience thus cited was the increase of revenue "in six or seven years" under the Walker tariff. In fairness to Mr. Wilson it should be conceded that the committee had a plan for increasing the yield of internal revenue, and that an income tax also was proposed. Yet the estimated revenue from these two sources was many millions less than the remission of customs duties, at a time when a serious deficit for the current year was already assured.

The Democratic programme was carried out, save that the time for general debate was extended, and that of taking the final vote was postponed until February 1. The debate in the House offers little of interest and nothing that added to the general tariff discussion. Hundreds of pages of the Appendix to the "Congressional Record" are filled with the speeches made at the evening sessions. Such speeches are made chiefly for the benefit of constituents, and are rarely read by others. They are therefore a most convenient medium for conveying to a member's supporters the information that, besides being a tariff reformer, he is alert for the protection of the local interests of his own community. It is curious to note that nearly all the members who saw reason for a duty on their own local "herring" were able to persuade themselves that they did so with revenue and not protection as the thing nearest their hearts. Here is an incomplete list of members who saw revenue spots on this sun of tariff reform, with the special grievance of each.[1] All of

[1] Mr. Oates, of Alabama, coal, and iron ore; Appendix to "Congressional Record," p. 253. Mr. Haines, of New York, knit goods, p. 256; and collars and cuffs, p. 363. Mr. Washington, of Tennessee, coal, and iron ore, p. 279. Mr. Morgan, of Missouri, silver-lead ores, p. 307. Mr.

them declaimed vehemently against the McKinley act, and justified their attitude on the particular features of the act which they attacked on the ground of a defence of a revenue duty which the Treasury could not afford to lose.

General debate on the bill came to an end on the 14th of January, and on the following day the discussion of proposed amendments began. Much of the time was taken up in the consideration of amendments offered by Mr. Wilson, on behalf of the committee. This also was made a subject of complaint by the Republicans, although they themselves had always rightly insisted upon the privilege of the majority to make satisfactory to themselves the measures for which they were to be responsible. The amendments proposed by the committee were not numerous nor important. The minority offered several amendments, not with any hope of securing the adoption of them, but in order to set forth their views as to the injurious character of the bill in its relation to such industries as wool growing, the wool manufacture, the tin-plate manufacture, lumber, and others which need not be specified. Two important amendments proposed by private members were adopted. By the first, the section making wool free of duty was to take effect "immediately upon the passage of this act;" it was carried by a vote of 112 to 102. By the other, it was provided that the payment of sugar bounties should cease on July 1, 1894. The vote upon this amendment was ayes 124, noes 85. The most important amendment of all, attaching to the tariff bill another measure levying a tax upon incomes, was offered on January 29 by Mr. McMillin, of Tennessee. To this proposition a great many Democrats, chiefly those representing constituencies in the

Blanchard, of Louisiana, sugar, p. 421. [All the other Louisiana members also protested against free sugar.] Mr. McKaig, of Maryland, coal, p. 487. [Mr. McKaig afterward made, see p. 1038, a "rattling" tariff reform speech.] Mr. Wise, of Virginia, coal, p. 622.

Eastern and Middle States, were most strongly opposed. After an exciting debate, the amendment was agreed to in Committee of the Whole by a vote of 175 to 56. Upon a roll-call in the House the amendment was concurred in by yeas 182, nays 48. In both cases the Republicans generally refrained from voting, undoubtedly, and even avowedly, in the hope that the bill thus overloaded would fail to pass. The majority was made up of 167 Democrats, 10 Populists, and 5 Republicans; the negative, of 45 Democrats and 3 Republicans. Those not voting were 116 Republicans, 5 Democrats, and 1 Populist.

On the day of the final vote, February 1, 1894, the Capitol was crowded as it had never been before save on the occasions of the inauguration of a President of the United States. The last amendments having been passed upon, the Committee of the Whole House rose and reported the bill. The order of procedure adopted at the beginning of the debate allowed three hours for the closing debate. Mr. Reed, of Maine, the floor leader of the Republicans, and Mr. Crisp, the Speaker of the House, were the champions of their respective parties. Of course neither of them had any new arguments to present, but each in his way made a powerful presentation of his cause. Mr. Reed, as usual, adorned his speech with some happy phrases.[1] Mr. Crisp also won great applause from his

[1] In replying to Mr. Bourke Cockran, of New York, Mr. Reed said: "But all these questions of wages are to be met, says the gentleman from New York, by our superior civilization, and he accuses me of 'confessing that civilization at the highest level is incapable of meeting the competition of civilization at its lowest level.' . . . How often have I heard this and similar eloquent outbursts about our superiority and therefore inevitable conquest of the inferior. Survival of the superior! That is not the way that the great naturalist put it. 'Survival of the fittest' was his expression; survival of the fittest to survive; not the superior, not the loveliest, not the most intellectual, but the one who fitted best into the surroundings. Compare the strong bull of Bashan with a salt-water smelt. Who doubts the superiority of the bull? Yet, if you drop them both into the Atlantic Ocean, I will take my chances with the smelt. . . . If I had

supporters by his vigorous defence of the Democratic principle, and it may be said that no more effective presentation of the argument against protection was ever made in either house of Congress. At almost every pause his words were greeted with enthusiastic applause.

The reserved amendments were voted upon, requiring three roll-calls, and then the bill was passed by yeas 204, nays 140. No Republican voted for the bill; 17 Democrats voted against it. The majority was composed exclusively of Democrats and Populists. The House adjourned immediately, and a large number of enthusiastic Democrats raised Mr. Wilson on their shoulders and bore him from the hall amid the shouts and cheers of their fellow members and of the throngs in the galleries.

The further progress of this bill to the stage of its final enactment constitutes one of the most remarkable and interesting chapters of American political history. The complete story has never been told, will never be told. The outline of it is of public record, for it became necessary for the parties to a unique party controversy to take the public into their confidence to an extent which enables one familiar with the ways of politicians to make a reasonable surmise as to the facts which were withheld. The controlling fact was that a certain number of Democratic senators were openly opposed to the bill as it passed the House, and that others of the same party were in more or less secret opposition to it. There is not, to the author's knowledge, any authenticated list of the "insurgents," as they may be termed without offence, but the number was considerable. Mr. Hill, of New York, was unalterably opposed to any bill that imposed an income tax. Both the Louisiana senators said plainly[1] that they would not vote

a job to dig on the railway, the competitor for that job whom I should fear would not be my friend from New York, but some child of sunny Italy, so newly imported that he had not grown up to the wages of his adopted country."

[1] Mr. Blanchard, p. 7747; Mr. Caffery, p. 7749, "Congressional Record."

for the bill if the caucus understanding relative to the sugar duties were not adhered to. Mr. Smith, of New Jersey, said[1] that he had never made any concealment of his opposition to the Wilson bill. The position of Mr. Murphy, of New York, was well understood. Although he did not say so publicly, he insisted upon protection of the leading industries of his State, and particularly an adequate duty upon linen collars and cuffs, as the price of his support. Mr. Brice, of Ohio, and Mr. Gorman, of Maryland, were regarded as the leaders of the insurgent group. It was openly asserted, without eliciting denial, that the senators from West Virginia, Maryland, and Alabama were against any bill that made coal and iron ore free of duty. We have here a list of a round dozen of senators who had radical objections to the bill. Politically, the situation stood thus: The Senate consisted of eighty-five members, for there were three vacancies. The Republicans, thirty-seven in number, constituted the opposition to the bill in any form. There were forty-four Democrats, all desirous of passing a tariff act, and four Populists, whose support could be counted upon for any bill that reduced duties, — possibly even for a reënactment of the McKinley act, provided it contained the Populist measure of an income tax. Mr. Hill was, in any event, to be counted with the opposition. Consequently, the division seemed to be, taking no account of opposition that might be overcome, forty-seven in favor of the bill, to thirty-eight against it; a majority of nine, requiring the defection of five Democrats, not merely withholding their votes but giving them in opposition, to defeat the bill. Although the above facts must be repeated in detail hereafter, it is necessary to present an outline of the situation in this place in order to give a correct understanding of the events which are now to be narrated.

On the 2d of February the House bill was referred to the

[1] "Congressional Record," p. 7730.

Senate Committee on Finance. It was not reported back to the Senate until more than seven weeks had elapsed. The measure was first entrusted to Senators Vest and Mills — Mr. Mills was not a member of the Finance Committee — who undertook a thorough revision of the bill in the direction of lower duties than those proposed by the House of Representatives. A knowledge of what was being done came to the knowledge of certain Democratic senators who were opposed not merely to the changes contemplated but to the more moderate reductions made by the Wilson bill. It became evident that the bill could not be passed by the Senate unless large concessions should be made to the unavowed protection sentiment among the Democrats. Accordingly the bill was taken out of the hands of Senators Vest and Mills, and a Democratic caucus decided that it was expedient that the bill should be so modified as to command the votes of forty-three Democrats. A sub-committee of the Finance Committee undertook the task, and the bill was reported on the 20th of March.

The changes proposed were many and important. Iron ore and coal went back to the dutiable list; a rate of forty per cent. ad valorem was levied on raw sugar, with an additional eighth of a cent per pound differential on refined; a duty was levied on silver ore containing lead; and there was havoc of other features on which the tariff reformers of the House had laid great stress. Possibly with a view to offset these departures from the principle of free raw materials the committee substituted ad valorem duties for specific in many paragraphs, and struck off a part of the small duty which the House had left on tin plate.

Mr. Voorhees called up the bill on the 2d of April, and opened the discussion in a long speech. During the next three weeks the greater part of every session was occupied by senators on both sides of the chamber in "general

debate," which is not in a strict sense debate at all, but consists in the delivery of carefully prepared set speeches. It may be that the Democrats were not averse to the delay occasioned by this long period of speech-making, for, as appeared afterward, they were not yet ready to present their final proposition. It was at last agreed that the season of general debate should come to an end on the 24th, and that on the 25th the reading of the bill by paragraphs should begin, for the consideration of amendments. The agreement did not limit in any degree the privilege of senators at any time to discuss the general principles of the bill at such length as seemed to them reasonable, and many of the senators availed themselves of the opportunity.[1] It was chiefly the Republicans who thus delivered themselves of long speeches when the Senate began its consideration of the bill in detail; the Democrats pursued for the most part a policy of silence. They even declined to discuss the amendments offered on the Republican side of the chamber, and refused to give reasons for the amendments proposed by themselves or in their behalf. Senator Harris, of Tennessee, who acted as the manager of the debate, complained often and in a querulous tone and manner, that the opponents of the bill were proposing amendments for the sole purpose of consuming time. In truth they pursued precisely the same course that was adopted by the Democratic senators, himself included, when they were in a minority and were opposing the McKinley bill.

[1] Senator Quay, of Pennsylvania, surpassed all records, it is believed. He delivered three speeches on the tariff, which may be classed as a serial in three parts. The first part, in six chapters, was delivered on three days in April and three in May. It covers fifty-six pages of the "Congressional Record" (Appendix). The second, in four chapters, one day in May and three in June, covers eighty-one pages; the third, a single grand final chapter, which seems to have been delivered at one session, in June, occupies ninety-four pages. The speech as a whole occupies two hundred and thirty-one pages, and undoubtedly contains not far from four hundred thousand words.

During the actual debate upon the specific provisions of the bill there were many interesting and not a few dramatic scenes in the Senate. The industrial and financial condition of the country was growing steadily worse during the spring and summer of 1894. At one time the attention of the nation was fixed, in a mixture of curiosity, amusement, and apprehension, upon the march of Coxey's "army" of the "commonweal" toward Washington. The incursion of this body of "petitioners" was made the occasion of not a little political wrangling, each party striving to make its opponents responsible for a public condition that rendered such a demonstration, in a country abounding in resources and wealth, anything short of grotesque and absurd. The Populists were most eager to seize upon the affair as a calamity which taught the lesson that there could be no real prosperity until their own remedy for existing evils — the free coinage of silver — should be adopted. Although both the Democrats and the Republicans tried to turn the Coxey incident to account, there is no reason to suppose that it had the slightest effect in favor of either party, on the tariff question, in the country at large, as it certainly did not change a vote in Congress.

On the first day of the detailed consideration of the bill reference was made to the secret proceedings outside of the Senate that led ultimately to the transformation of the bill. Senator Aldrich, of Rhode Island, who was the leader of the Republicans throughout the contest, threw a firebrand into the Democratic ranks. He evidently possessed better information in regard to the purposes of the "insurgents" and their power to make their plans effective than was possessed by some of the leading Democrats. Accordingly, when the first amendment proposed by the Committee on Finance was read by the clerk, — to change the date when the act was to go into effect, from the 1st to the 30th of June, — Mr. Aldrich opposed the

amendment and deprecated as futile, at that stage of the discussion, the consideration of a question that could not be decided finally until it became reasonably certain at what time the bill could be passed. He said that every senator on the other side knew "that this bill is not yet in the complete form in which the judgment of the Senate is to be invoked; that every day and every hour of the day conferences are being held between senators on the other side of the chamber, and with the representatives of interests all over the country, looking to a thorough revision of the measure." Senator Vest, of Missouri, interposed a denial of the statement, "absolutely and emphatically;" and to Mr. Aldrich's question intended to ascertain the precise extent of his denial, Mr. Vest repeated "that no such negotiations within my knowledge are going on, — nothing of the sort." Mr. Aldrich retorted, "If he says that no such thing is going on, then, in my opinion, it is going on without his knowledge, because I know it to be a fact that changes are being made and proposed in this bill from day to day to secure the votes of senators upon that side of the chamber. I say that no man now lives who can tell the condition the bill will be in when the Senate is asked to vote upon it. Will the income tax be in it? Will the sugar tax be in it?" Mr. Aldrich said that Mr. Vest himself had reported "forty or fifty important amendments" to the bill within a week. Mr. Vest disputed the number and declared that "a great many of them are verbal amendments." To a question by Mr. Aldrich if there were not to be other and important amendments to be proposed by the Finance Committee before the bill was finally acted upon, Mr. Vest's reply was, "I know of none."

The fact was as Mr. Aldrich had stated it, and Mr. Vest's denials were also truthful,[1] so far as an explicit

[1] "I told him then honestly that I knew of no such amendments, and I stated the truth. It is true that my colleague, the Senator from Arkansas

knowledge of specific amendments was concerned, but it is difficult to explain, in view of his remarks on a later day, how he could have asserted that no negotiations within his knowledge were going on. However that may be, negotiations were in progress, and the Republican senators were fully aware of it. Mr. Aldrich lost no occasion to taunt his political opponents upon their plight, owing to their ignorance of the extent of the concessions that would be required. His confidence in their state of indecision led, a day or two afterward, to a little game of "bluff" between himself and the Democratic managers. The passage is both interesting and amusing, and so much of it as is necessary to present the situation is given in a note.[1]

[Mr. Jones], who had been working with me upon the bill had told me that he intended to consummate a compromise bill, if possible, and that he would see the dissatisfied senators upon this side of the chamber and ascertain what amendments would be necessary to secure their votes. . . . When I answered the Senator from Rhode Island as I did, I answered truthfully, because I knew then of no such amendments. Two or three days afterward my colleague on the committee came to me with a number of amendments which were afterward adopted and sent to the conference committee." (Mr. Vest's speech in the final debate, July 23, "Congressional Record," p. 7803.)

[1] Mr. ALDRICH. I do not believe the Senator from Texas [Mr. Mills] or the Senator from Kentucky [Mr. Lindsay] can tell at the moment what the Democratic party is in favor of.

Mr. LINDSAY. If the Republican party will give the Senate an opportunity to call the yeas and nays upon the passage of the bill this afternoon, we shall disclose exactly what the Democratic party is in favor of.

Mr. ALDRICH. I will consent, for this side f the chamber, to taking the vote at three o'clock this afternoon upon the bill as it came from the House of Representatives, an ' I challenge the other side to do it.

Mr. LINDSAY. Why exclude the amendments reported by the Finance Committee ?

Mr. ALDRICH. Because you say that the bill is a Democratic proposition. Let us submit it to the vote of the Senate and see whether it is or not.

Mr. LINDSAY. This bill is a Democratic proposition in the same sense that the McKinley bill when it came from the House of Representatives was a Republican proposition. That bill came from the House without reciprocity, and the great leader of the Republican party then declared that it was an outrage upon the people of America.

Mr. ALDRICH. I will make another proposition: I will ask the Senator

It would be interesting to know, but of course it can never be known, whether if either of Mr. Aldrich's "pro-

from Kentucky if he will agree for the other side of the chamber that we take a vote on this measure as it now stands with the amendments of the Finance Committee as now reported?

Mr. LINDSAY. I will agree to it.

Mr. ALDRICH. Will his associates on the other side agree to it?

Mr. LINDSAY. Of course, without consulting the Democratic party I cannot undertake to speak as to what the leaders of the party will do.

Mr. ALDRICH. The Senator from Tennessee [Mr. Harris], who has charge of the bill, is within my hearing, and I should be very glad to hear what he has to say upon that proposition.

Mr. Harris did not interpose, and Mr. Lindsay continued the speech in which the above colloquy occurred. Upon the conclusion of the speech, perhaps an hour later, Mr. Harris arose, and having recited the passage above quoted, added that so far as he could control the matter he accepted the proposition that at three o'clock the Senate proceed to vote upon the committee amendments and then upon the final passage of the bill, and as that could be done by unanimous consent only he asked such consent of the Senate. There was a scene of momentary confusion, in the course of which Mr. Cullom, of Illinois, objected to the unanimous consent asked. When Mr. Aldrich obtained the floor he declared that he made the suggestion in good faith and received no response. "I would suggest to my friend from Tennessee that I did not ask that question to be submitted to a Democratic caucus. I did not intend, if I may be permitted to use language which the Senator from Ohio [Mr. Brice] will understand, and perhaps the Senator from Tennessee, to give a thirty days' option for an answer." He afterward in effect withdrew the proposition to include the Finance Committee amendments, but said that he believed a proposition to fix an early day in the following week for a vote upon the bill as it came from the House would be accepted.

Mr. WHITE [of California]. Does the Senator think that is a candid proposition?

Mr. ALDRICH. It seems to me to be candid; I do not see anything about it that is not candid. I should like to have the Senator from California, if he sees anything about it that is not candid, to point out what there is that is so.

Mr. White recounted the circumstances, and pointed out that the proposition was changed. He, Mr. Aldrich, was "called" upon it, and he declined to respond. Mr. Aldrich, following up the reference to the "great American game," retorted that he never before heard it claimed that a player could call a hand the next day and after he had had time to confer with his friends. Subsequently he took the ground, which was technically exactly true, that he had made one proposition, to which he still adhered; but that as to the second proposition he had merely asked the question

positions" had been accepted, the bill would have received the votes of the "dissatisfied senators."

Enough has been said to indicate the existence of a most remarkable and unusual situation. Scores of passages from the "Congressional Record" might be quoted to develop that situation in detail, but it will be sufficient to summarize such of the important features as have not been mentioned already. When a knowledge of the character of the work undertaken by Senators Vest and Mills, after the bill had been passed by the House of Representatives, came to Mr. Brice and Mr. Gorman, those senators conveyed to the Democratic members of the Finance Committee, and also to the President, a plain intimation that there must be a change of policy if it was expected that a tariff bill should be passed. The members of the committee took the hint and prepared the bill as it was reported on March 20. There seems to have been up to this time no direct consultation with any of the "dissatisfied senators" as to what they required as an ultimatum, and they quickly showed that they were still dissatisfied.[1] Thereupon Mr. Jones, of Arkansas, undertook the task of consulting each of these senators to ascertain what was required. Mr. Jones himself is authority for this statement.[2] On the 7th of May he brought into the Senate 428 amendments, the result of this work. Thereupon

whether the other side would agree to it. Subsequent events indicate that the belief of Mr. Aldrich that the bill could not have been passed, even with the Finance Committee's amendments, was fully justified. (See "Congressional Record," pp. 4156–4165.)

[1] The authority for the foregoing statements is an "interview" with Mr. Brice, read to the Senate by Mr. Hale, of Maine, on the 28th of April ("Congressional Record," p. 4217), the authenticity of which was never denied by Mr. Brice, nor were the assertions contained in it denied by any one of the senators referred to, although nearly every one of them was present when the "interview" was read.

[2] "I went from the beginning to the end through the bill, with man after man, on this side of the chamber, spending days and days in the work." (Speech of Mr. Jones, July 23, "Congressional Record," p. 7804.)

another interview with Mr. Brice was published, in the course of which he asserted that the Democrats now had a bill which would pass. On May 12 Mr. Aldrich referred to a report that there was an understanding or agreement among the Democratic senators that the bill was to become a law as it should pass the Senate, without going to a conference committee, and asked Mr. Brice if that were so. Mr. Brice replied that he had no knowledge of such agreement or understanding. Undoubtedly this also was literally true. That which happened ultimately came to the same thing as the arrangement suggested by Mr. Aldrich, but the mode of reaching the result was slightly different from his statement.

It is abundantly evident to any one who reads through the debate upon the bill that the task which Mr. Jones undertook, that of moving the amendments, that which Mr. Harris assumed, of managing the bill and keeping the Democratic senators in line in favor of the amendments, even those senators who sincerely desired a change in the tariff policy of the country and who could support the amendments only by going contrary to their convictions, — that all these things were a severe strain upon party loyalty and party discipline. The fact that such a scheme could be carried through to consummation by a party which professed that there was no constitutional right to impose duties for any purpose save that of raising revenue reveals the essentially political character of the whole agitation. The House bill did, imperfectly, it is true, make exception in favor of protection to industries which might be ruined if protection were suddenly withdrawn. That was not the basis of discrimination in the Senate amendments. Protection was accorded in respect of certain industries solely in order to obtain votes for the bill; it was refused when granting it would entail no loss of votes. Of the whole grand scheme of "free raw materials" nothing of importance was retained except

free wool and free lumber. It would be absurd, and no Democrat ever attempted, to represent the bill, as the Senate framed it and as it became law, as a "lightening of the burdens of taxation upon the people" in the sense given to that phrase prior to the meeting of Congress.

Interesting as the debate was it is impossible to do more than characterize it. Mr. Jones proposed his amendments, but neither he nor any other Democrat gave reasons why they should be adopted. The Republicans asked questions but received no answers. One of the Jones amendments would propose a specific instead of an ad valorem duty upon a certain kind of acid. The amendment having been adopted, a Republican would propose a specific duty upon the next item, another kind of acid, and the amendment would be rejected. No answer would be returned to inquiries for the reason of the discrimination. Again, the Republicans would bring forward amendments to restore McKinley rates, or rates somewhat lower than those of the existing law, and would make elaborate arguments, fortified by statistics, in favor of the changes, to be met for reply only by a curt demand for the "Question!" by Mr. Harris, and a united Democratic vote against the propositions. Both parties were strictly within their rights. It was clearly the privilege of the Republicans to go before the country with reasons for the rejection of a measure which admitted the principle of protection and which was nevertheless not self-consistent in its application of the principle. On the other hand the Democrats, determined to pass the bill, having so shaped it as to insure its passage; and having abandoned the position where it could be logically defended, were naturally impatient of delays and attacks that must in any event be futile.

The most noteworthy passages in the debate were those in relation to wool, tin plates, sugar, collars and cuffs, and the income tax. A word or two only need be written with

reference to each of these subjects. Free wool, as has been said, was, with free lumber, the only important survivor of the campaign for free raw materials. The point was made that this was a boon to the manufacturer of wool; but it was clearly and conclusively shown, in a colloquy that took place on June 12, that the manufacturers did not ask for it, and that they were loyal to the wool growers and to the principle of consistent protection. When tin plates were under discussion the chief feature of the debate was the presentation by Mr. Aldrich of a petition, said to have been signed by consumers of nine tenths of the tin plate used in the country, — tinsmiths and packers of provisions, vegetables, and fruit, — declaring that the domestic article was superior to the foreign, that the tendency of prices under the existing tariff was downward, and that it was inexpedient to change the system which promised in a few years to meet completely from home product the needs of the country. The sugar duty, which carried a differential rate of one eighth of a cent a pound in favor of the refiners, was denounced by the Republicans as a concession to the sugar "trust," as having no other reason or justification than that. This charge the Democratic senators warmly resented, and retorted that the McKinley act carried a protection of one half a cent a pound for the "trust," four times as much as the pending bill. Although they defended the sugar duties, the denunciations of the sugar schedule by Democratic members of the House and by Democratic newspapers were far more severe — as will be shown hereafter — than were the mild criticisms of Republican senators.

The duty on collars and cuffs afforded the Republicans much amusement. The House fixed the duty at 35 per cent. The Senate Finance Committee raised it to 55 per cent. Mr. Murphy, Democratic senator from New York, was a resident of the city of Troy where more than three fourths of the linen collars and cuffs made in the country

are manufactured. He was a prominent member of the group of "insurgents," and among the industries which he undertook to protect was that mentioned. He asked for and obtained a duty upon collars and cuffs of "thirty cents per dozen pieces and in addition thereto thirty per centum ad valorem." This was almost as high as the McKinley rate of thirty cents a dozen and forty per cent. ad valorem. Indeed, as prices had declined, the high specific duty made the Murphy rate higher than the McKinley duty was in 1890. It ranged, in fact, from 80 to 130 per cent., according to the quality of the goods. Mr. Aldrich asked Mr. Vest whether this was a revenue or a protective duty, and Mr. Vest replied, amid much laughter, "A revenue duty, of course. I am astonished the Senator should ask me that question." [1]

The income tax was attacked fiercely by Senator Hill, of New York, who had openly given his Democratic colleagues to understand that he would not vote for the bill if that feature were retained.[2] It was well known that there were other Democrats who were personally opposed to an income tax, but they adhered to the general plan as a matter of political expediency. Upon Mr. Hill's test amendment, to strike from the bill all the sections that related to the income tax, the vote was yeas 24, nays 40. Both of the New York senators, and Mr. Smith of New Jersey, together with 21 Republicans, voted in the affirmative; 31 Democrats, 3 Populists, and 6 Republicans in the negative.

On Friday, June 29, the consideration of the bill as in Committee of the Whole was completed, and the bill was reported to the Senate. It will illustrate the intensity of political feeling at the time to state the facts that a motion was made by a Republican that when the Senate adjourn

[1] "Congressional Record," p. 6116.

[2] Indeed, it was fully understood on both sides of the chamber that he was opposed to the bill in any form it was possible for it to take.

it be to meet on Monday at ten o'clock; that the motion was voted down by the Democrats, upon a roll-call; that the Senate then held a session of seven minutes for the consideration of executive business; and then, on a motion by a Democratic senator, adopted the order, in identical language, which it had just rejected. On July 2 the Senate held a session of nine hours and a half duration in considering the amendments made as in Committee of the Whole. The only important change made was in the clause relating to sugar bounties. The Republicans, assisted by five Democrats and one Populist, carried an amendment offered by Mr. Hill, making the repeal of the sugar bounties clauses of the McKinley act take effect at once, instead of on January 1, 1895. On the 3d, which was a continuation of the legislative session of the 2d, the consideration of amendments was continued and concluded, and at last, at the end of a session nearly thirteen hours long, — the bill having been under discussion almost daily for a period of three months, the Senate came to a vote on the passage of the bill. The yeas were 39, of whom 37 were Democrats and 2 Populists; the nays 34, of whom 31 were Republicans, 2 Populists, and 1 (Mr. Hill) Democrat.[1] The Senate immediately voted to ask a conference with the House of Representatives upon the amendments, and a committee of seven senators — four Democrats and three Republicans — was appointed. It should be mentioned that the Democrats — Messrs. Voorhees, Harris,

[1] It is a part of the secret history of this bill that the Republicans were led to expect its defeat up to the moment of the final roll-call. The attitude of two Democratic senators from a Southern State was uncertain. The first of these, alphabetically, when his name was called, withheld his vote; the second voted for the bill. Thereupon two or three others, foreseeing that their opposition would not be effective, also voted for it, and were joined on the second roll-call by the senator who had withheld his vote. It will be understood, of course, that the members of this group to whom the Republicans looked for assistance to defeat the bill were not the "insurgents," for they, having obtained all that they asked, were anxious that the bill should be passed.

Vest, and Jones — were all advanced tariff reformers, if not theoretically free traders, but they were, with the exception of Mr. Voorhees, those who had steered the bill through the Senate, — quartermasters, as it were, for the pilots who knew where were the hidden rocks, but who remained in seclusion and left the actual management of the helm to others.

The bill, carrying six hundred and thirty-four amendments made by the Senate, was sent to the House and referred to the Committee on Ways and Means, by which it was reported back, on July 7, with a recommendation that all the Senate amendments be disagreed to and that the House agree to the conference. This motion was carried, after a debate of two hours, with the help of a special rule. The attitude of the Republicans was one of exasperating exultation at the plight in which their political adversaries found themselves. The Democrats, without exception, condemned the bill as it left the Senate, but expressed confidence in the amicable and conciliatory disposition of the conference committee, and in the ultimate shaping of a bill which all Democrats could support with political consistency. The confidence of some of them went beyond this point, as when Mr. Catchings, of Mississippi, — who brought in the rule which controlled the debate, and made the motion of non-concurrence only, in order, — remarked, "I wish to make the prophecy now that if so great an evil should befall the American people in the future as to have the administration of this government return to the hands of the Republican party, we shall never again have a McKinley bill fastened upon the people. The days of extreme high tariffs have gone, and gone never to return." [1]

Mr. Wilson made an impressive speech in support of his motion of non-concurrence. He said that the bill as it passed the House was "based upon two clear and in-

[1] "Congressional Record," p. 7189.

telligent principles," that revenue should be derived from finished products and not from "what are called raw materials," and that duties should be ad valorem, so far as possible, and not specific or compound. "The bill comes back to the House with these two great fundamental principles of just taxation and these two great fundamental principles of Democratic policy in a large measure overridden and neglected." He referred in particular to the reintroduction of the compound duty, as bringing in "that worst and most insidious and *prima facie* fraudulent form of taxes." He made a brief summary of the work of the Senate,[1] and said that if the amendments were in the direction of reduced taxation the House would agree to them readily, but while a few of them were in that direction, the great mass of them "are in the direction of increasing the taxes upon the American people, and increasing the protection of the home makers of the articles thus taxed." The sugar schedule in particular was the part of the bill which during the whole of the subsequent consideration of the measure caused the most mortification to the Democrats and received the greatest share of their almost indiscriminate denunciation.

At the close of the brief debate the conference was agreed to, and the Speaker appointed a strong committee, with Mr. Wilson at its head. On the 19th of July, twelve days later, Mr. Wilson rose in the House to announce that the committee had failed to come to an agreement, and to ask a further conference. The motion was

[1] "The amendments proposed to this bill by the Senate are 634 in number. They are distributed as follows: There are 52 amendments to the chemical schedule; there are 64 amendments to the iron and steel schedule; there are 3 to the wood schedule; 5 to the sugar schedule; 4 to the tobacco schedule; 16 to the cotton schedule; 19 to the flax schedule; 30 to the woollen schedule; 6 to the silk schedule; 8 to the paper schedule; 57 to the sundry schedule; and 89 to the free list; in the latter case, almost always a transfer of something left on the free list by the House or put upon the free list by the House back to the taxable list." ("Congressional Record," p. 7191.)

agreed to without a division after a discussion which was again limited by the operation of a special rule. As in the former case the principal event of the debate was the speech of Mr. Wilson. He made it clear that the personal wishes of the Democratic members of the conference committee, on the part of the Senate, were identical with his own, but "they came to us somewhat fettered and somewhat limited as to any action that they might agree to upon this bill, either by the supposed moral obligations of party caucus, or the apprehension that there were forces in the Senate, however small, yet powerful enough to resist successfully the passage of any bill which did not make concessions to great corporate and trust interests that we, representing the House, did not feel free on our part to agree to."[1] With special reference to the sugar duty, as "the great difficulty in the pathway of an agreement," he said: "The Senate has reintroduced into the proposed tariff bill a sugar schedule which, whether truly or not, has been accepted by the country, by the press of the country, by the people of the country, as unduly favorable to the great sugar trust." The implication was, although it was not expressed, that the Senate members of the committee would not yield this point, because they could not do so without certain defeat of the bill.

Mr. Wilson's speech was concluded in a sensational manner. He produced a personal letter addressed to him by President Cleveland on July 2, the day before the passage of the bill by the Senate, but when it was fully known what would be the provisions of the measure. Mr. Wilson said that he had obtained the President's permission to make it public. The letter was read by the clerk. The reading was repeatedly interrupted by demonstrations of Democratic approval, and at the conclusion there was prolonged applause on the Democratic side of the hall.

[1] "Congressional Record," p. 7711.

The President, assuming that Mr. Wilson would lead the conference committee on the part of the House, proceeded to express his disappointment at the course of the Senate. He characterized the conference as "the best if not the only hope of true Democracy," and said that the reconciliation of differences as to details was not the only task, but that the question was presented "whether Democratic principles themselves are to be saved or abandoned." A few of the more important passages in the letter are quoted in a note.[1] His reference to the sugar schedule, which he thought could "hardly fail to be troublesome to the conference," was perhaps the most remarkable part of the letter. It seems to be a suggestion of surrender to the Senate on this point, the precise point which Mr. Wilson and the other House members of the committee

[1] Every true Democrat and every sincere tariff reformer knows that this bill in its present form and as it will be submitted to the conference, falls far short of the consummation for which we have long labored, for which we have suffered defeat without discouragement; which in its anticipation gave us a rallying cry in our day of triumph, and which in its promise of accomplishment is so interwoven with Democratic pledges and Democratic success, that an abandonment of the cause or the principles upon which it rests means party perfidy and party dishonor. . . .

We have in our platforms and in every way possible declared in favor of the free importation of raw materials. . . . It must be admitted that no tariff measure can accord with Democratic principles and promises, or bear a genuine Democratic badge, that does not provide for free raw materials. In these circumstances it may well excite our wonder that Democrats are willing to depart from this the most Democratic of all tariff principles, and that the inconsistent absurdity of such a proposed departure should be emphasized by the suggestion that the wool of the farmer be put on the free list and the protection of tariff taxation be placed around the iron ore and coal of corporations and capitalists. . . .

We all know that a tariff covering all the varied interests and conditions of a country as vast as ours, must of necessity be largely the result of honorable adjustment and compromise. I expect very few of us can say when our measure is perfected that all the features are entirely as we would prefer. You know how much I deprecated the incorporation in the proposed bill of the income-tax feature. In matters of this kind, however, which do not violate a fixed and recognized Democratic doctrine, we are willing to defer to the judgment of a majority of our Democratic brethren.

would not yield. "Under our party platform," the President wrote, "and in accordance with our declared party purposes, sugar is a legitimate and logical article of revenue taxation. Unfortunately, however, incidents have accompanied certain stages of the legislation which will be submitted to the conference that have aroused in connection with this subject a natural Democratic animosity to the methods and manipulations of trusts and combinations. I confess to sharing in this feeling; and yet it seems to me we ought if possible to sufficiently free ourselves from prejudice to enable us coolly to weigh the considerations which, in formulating tariff legislation, ought to guide our treatment of sugar as a taxable article. While no tenderness ought to be entertained for trusts, and while I am decidedly opposed to granting them, under the guise of tariff taxation, any opportunity to further their peculiar methods, I suggest that we ought not to be driven away from the Democratic principle and policy which lead to the taxation of sugar by the fear, quite likely exaggerated, that in carrying out this principle and policy we may indirectly and inordinately encourage a combination of sugar refining interests. I know that in present conditions this is a delicate subject and I appreciate the depth and strength of the feeling which its treatment has aroused. I do not believe we should do evil that good may come, but it seems to me that we should not forget that our aim is the completion of a tariff bill, and that in taxing sugar for proper purposes and within reasonable bounds, whatever else may be said of our action, we are in no danger of running counter to Democratic principle. With all there is at stake there must be in the treatment of this article some ground upon which we are all willing to stand, where toleration and conciliation may be allowed to solve the problem, without demanding the entire surrender of fixed and conscientious convictions."

The quotation is a long one. It would be easy to put

in much fewer words what appears to be the suggestion it contains, but it would not be fair to the reader to withhold from him the material for an argument that the President was not advising the acceptance of the sugar schedule, which he believed, as he admitted, to have been put in the bill by "the methods and manipulations of trusts and combinations," satisfying his conscience with the reflection that after all it was Democratic policy to tax sugar.

Some comment was made in the House upon the almost, perhaps altogether, unprecedented act of a President proffering advice and laying down rules of conduct for a committee of conference. It was not unprecedented for a President to seek to mould pending legislation in other ways than those specified in the Constitution; but some of the Republicans censured him for that. The letter, indeed, caused no great amount of comment in the House. Republicans who might criticise it would be merely interfering in a family quarrel; the Democrats in the House who took the Senate side of the controversy were undoubtedly few in number and inconspicuous politically.

It was far otherwise in the Senate. The President's letter was regarded by the senators who had acquiesced in the compromise as an attack upon themselves and upon their political integrity. This was the feeling not only of those who had forced the transformation of the bill, but also of those who, abandoning cherished purposes, had patiently and laboriously endeavored to make a bill which could secure the requisite number of votes. If Mr. Cleveland supposed that his personal intervention could overcome the opposition of senators to the bill as it came from the House he vastly overrated his influence. In fact, they warmly resented his interference, they disputed his right to determine what did and what did not constitute a Democratic measure, they rejected his reading and interpretation of Democratic platforms, they even

intimated that what had been done by the Senate had been approved by him in advance, — in general terms, of course, and not in detail. Not one of the senators was aware of the existence of his letter until it was read in the House as an appendix to Mr. Wilson's speech; and when, the next day, the question was upon an agreement to the proposition of the House for a further conference, the storm burst forth.

The first speaker was Mr. Smith, of New Jersey, who reviewed the whole history of the measure in temperate language. He showed that the position of Mr. Wilson, backed by a Democratic majority of 87, was entirely different from that of the dominant party in the Senate, where the defection of two Democratic members, in addition to Mr. Hill, would endanger the bill. "In any event," he said, "many times two Democratic senators could not see their way clear, in justice to the interests of either their constituents or the whole country, to vote for the Wilson bill. Just how many held this position I cannot say. I know that I was one. I made no concealment of the fact, and I make none now."[1] Referring to a charge "that a small minority of Northern senators insisted upon consideration for the welfare of their constituents, and that in consequence of their demands the majority of Democratic senators were constrained to make concessions," he admitted that such was the fact; but he said that, unlike the Wilson bill, the Senate measure "was not drawn by the representatives of a few sparsely settled districts, with no great interests at stake." On the other hand, the minority of senators "were not only speaking for a vast majority of the people numerically, but caring for and protecting ninety-nine one hundredths of the industries which have made this nation what it is to-day." He ridiculed the idea which "a stranger unaccustomed to modern methods of making political capital" might

[1] "Congressional Record," p. 7730.

conceive, that Democratic senators were of one mind as opposed to Democratic representatives, since every one knew that "a large proportion of the Democratic membership of this body favors, not mere tariff reform, but absolute free trade." He maintained that one reason why free iron ore and free coal were not to be found in the Senate bill was that some senators did not believe "that now, when it is barely possible for miners to earn living wages, and when the newspapers have barely ceased to record the incidents of one of the greatest mining strikes the world has ever known, is the time to take the risk of striking down this great industry and robbing thousands upon thousands of miners of their means of livelihood." There was another reason, he admitted, "that by doing so we would have alienated Democratic senators." He called attention to the fact that Mr. Cleveland, in accepting the nomination in 1892, declared the Democratic principle to be, not free raw materials, but freer raw materials. In conclusion he gave notice that so far as he was concerned he would adhere to the position he had steadfastly maintained, that he "would not vote for any bill or any amendment that would make it impossible for a single industry to continue or resume operations." He had reached the limit of the concessions he would make.

Mr. Hill, of New York, whose opposition to the bill was notorious, excited the wrath of his Democratic colleagues by a motion that the Senate recede from its amendments putting iron ore and coal on the dutiable list, and their derision by his defence of the President, between whom and himself political relations were non-existent. Mr. Gray, of Delaware, followed in a moderate and conciliatory speech, the purport of which was that although the Senate bill fell far short of what he thought it ought to accomplish, he would not quarrel with those who regarded a slower gait as the more expedient. It required self-sacrifice on his part, but being sincerely in

favor of tariff reform he should vote for the best bill he could get. Mr. Vilas, of Wisconsin, moved that the Senate recede from the amendment laying a differential duty of one eighth of a cent a pound on refined sugar, and thus turned the debate to the sugar question, in the course of which the senators from Louisiana gave it plainly to be understood that if the motion were adopted they would become opponents of the bill.

At the next session of the Senate Mr. Gorman took the floor and made an impressive and significant speech. As one much more nearly connected with party management than Mr. Smith, he also reviewed the history of the bill. When Mr. Jones and Mr. Vest became a sub-committee to harmonize views he, Mr. Gorman, among others, intimated to them that it would be "impossible to obtain forty-three votes in the Senate to pass the bill unless we have the coöperation of the executive branch of the government, its hearty good will, and its earnest support of what we shall do." In accordance with that principle the two senators had conferred with the executive branch of the government and had received assurance of its coöperation. In support of this statement Mr. Gorman read an "interview" with the Secretary of the Treasury, prepared by Mr. Carlisle himself, in which, with full knowledge of the Jones and Vest amendments, he said that most of the amendments proposed were "unimportant," and that "the remainder are not of such a character as substantially to affect the merits of the bill as a measure for the reformation of the worst features of existing legislation upon this subject." Mr. Gorman added: "The President was not ignorant of what we proposed to do. Nothing was concealed from him. The papers announced on the day following the interview with Mr. Carlisle that the President himself concurred with his great Secretary. So we understood; and if it was not true, then forty-three senators on this side of the chamber were misled. Every

prominent amendment to the bill was as well known to him as to me."

In compliance with a request of Mr. Gorman, Mr. Vest detailed at length his connection with the Senate amendments. The important part of his statement was that when Mr. Jones showed to him certain amendments, he refused to agree to their adoption, whereupon Mr. Jones appealed to him to withdraw his opposition, saying that they had been passed upon and agreed to by the Secretary of the Treasury; "that he had also seen the President of the United States, who had told him that the bill, as proposed to be amended, would be acceptable to him," and that the President had said at the end of the conversation, "I am willing to say or do anything that will pass this bill through Congress." Mr. Jones, also called upon by Mr. Gorman, corroborated Mr. Vest's statements. He said that Mr. Carlisle saw and went over with him "every solitary proposed amendment," and declared that it was wise to make all the concessions involved in them in order to pass the bill; that the Secretary undertook to see the President and explain to him "just what those proposed amendments meant;" that afterward he (Mr. Jones) called upon the President, learned that Mr. Carlisle had explained the amendments, and after having said to the President that no step further would be taken "unless this proposed compromise meets the approval of the administration," received from Mr. Cleveland the assurance that he "would do and say anything he could to effect a compromise; that it was a wise thing and a proper thing to do." Mr. Jones said further that in every conversation he had with the President on the subject coal and iron ore were mentioned, and that the President expressed a desire and hope that they should be on the free list, "but he nowhere (*sic*) ever uttered one solitary word against going forward with the amendments with coal and iron ore in the bill as we had proposed it." Mr. Harris

added his testimony, including a statement that after the bill had gone to the conference committee he had had a conversation with the President, who left upon his mind a "distinct understanding" that he desired the passage of the Senate bill "if we could make no better terms," and that the suggestion was never made to him "by the President, or any member of the cabinet or by any human being" that the tax placed upon coal and iron ore was a violation of Democratic principles, and that senators would be guilty of perfidy if they insisted upon it.

The debate on the question whether the Senate should agree to a further conference, begun on the 20th of July, was not concluded until the 27th, when the motion was passed without a division. Many interesting occurrences during the interval must be passed over or summarized briefly. The Republicans who wished the bill to fail altogether wisely refrained from debate. Their intervention would have served only to unite the Democrats. As the matter stood, the letter of the President had so angered the most of the Democrats that they would have let the bill fail rather than yield to the House. Mr. Hill caused them some annoyance, but not so much as was given them by Mr. Vilas, who, as a former member of Mr. Cleveland's cabinet, strongly supported the President's position. It was certain that the Republicans would vote with Mr. Vilas on the sugar question, and there was a good prospect that his amendment would be adopted, a result which would involve the loss of the two Louisiana votes.[1] The

[1] Mr. Caffery gave ("Congressional Record," pp. 7823–24) an interesting account of the way in which the sugar schedule was transformed. At a conference between leading Democratic senators and the senators from Louisiana it was agreed that the duty on raw sugar should be forty per cent., on refined fifty per cent., and that the bounty provisions should be retained for the year 1894. Subsequently, Mr. Jones, of Arkansas, pointed out that in the differential allowed to the refiners there was more protection than was given by the existing law. A new schedule was then prepared giving one cent per pound duty on raw sugar and one eighth of a cent additional on refined. This was not acceptable to the refiners, and

Democratic senators held a caucus to discuss the situation. It was only after a prolonged discussion and a strong appeal to Mr. Vilas that he consented to withdraw his amendment. Even then the question of free sugar came up on a motion by a Republican senator, and on three several roll-calls there was a tie vote. One senator who would have voted for free sugar was absent unpaired. Mr. Vilas himself voted against the amendment, which was rejected, as above intimated, by a tie.

The bill having been referred back to the conference committee, there ensued an extraordinary struggle between the representatives of the two houses of Congress, and between the advocates of the two measures. It was believed at the time, and is probably true, that at more than one point in the controversy each party was willing, by unyielding persistence upon the adoption of the measure which it favored, to take the risk of a failure of tariff legislation, in the hope of throwing all the blame of the failure upon the other faction. Attempts were made to compromise by substituting for the sugar clauses of the Senate bill slightly different rates, so that the Senate might get what it had asked for, and that the House

Mr. Caffery was informed that the adoption of those duties in the bill "meant free sugar." This was to signify that if the proposed duties were offered there were some Democratic senators who would vote for free sugar, — all the Republicans being in favor of free sugar, — that the amendment would be carried, and then the Louisiana senators would vote against the bill and defeat it. It was understood that the refiners preferred free sugar to the proposed schedule. This complication led to the adoption of the schedule as finally accepted by the Senate. Mr. Caffery asserted with much emphasis that he did not like the schedule, that he was not the author of it, and that he accepted it reluctantly. He was reported in the newspapers the next day to have said: "I want the country to know that it was dictated by the refining interests." These words do not appear in the permanent Record. Whether he was misreported by the newspaper correspondents, or whether he amended his speech before publication, does not appear, and it does not matter much, since the charge was made publicly and not withdrawn, by Democrats in the House and by the President himself.

might yield without humiliation. Not one of the attempts was successful. Mr. Gorman was the controlling spirit on the Democratic side of the Senate, and he was unbending in his attitude. The House must take the Senate bill entire or the measure must fail. It seems not unfair to suspect that the manager of many a Democratic canvass was so exasperated by the accusation of political perfidy that he was resolved to bring the bill which was the basis of that charge, without any change whatever, before the accuser, and leave upon him the responsibility of its enactment or its failure. At all events that was the ultimate effect of his strategy.

Two caucuses of the Democratic members of the House were held. At the first it was resolved to stand by Mr. Wilson to the last and to yield nothing to the demands of the Senate. At the second, which was held on the forenoon of August 13, it was decided to surrender unconditionally. On the same day, the Committee on Rules reported a special rule upon the adoption of which it should be in order to move that the resolution agreeing to the conference be rescinded, that the committee be discharged, and that the House recede from its disagreement to the Senate amendments in gross and agree to the same. Mr. Reed made the point of order that such action was irregular because the bill was not before the House, but was technically and actually in the possession of the Senate. The point of order was overruled, and the resolution embodying the special rule was adopted. Thereupon Mr. Wilson made the motion which had thus been made in order, "not on my own responsibility or from my own volition, but as the official organ of the caucus of my associates on this side of the House, and by their direction." He did not pretend, he said, that he was satisfied with the outcome of the campaign for tariff reform. Yet he did think that a breach had been made in the protective system through which the hosts of Amer-

ican freemen would continue to march. The bill was not a good bill, but, whatever might be its merits, it was not as bad as the McKinley act. At the close of a speech which was necessarily regretful and pathetic in tone, but which contained no words of bitterness toward those who had outgeneralled and defeated him, he announced the remaining part of the caucus programme. Immediately after the passage of the tariff bill, the Democrats proposed to pass a bill putting sugar on the free list, also coal, iron ore, and barbed wire. "The question is now made as to whether this is a government of the American people by the American people, or a government of the sugar trust for the benefit of the sugar trust. And this House will show the people, I doubt not, what its position is on that question, and the Senate will show its position." The Republicans indulged in the jeers and left-handed compliments which might be expected in the circumstances; and when the time limit upon the debate was reached, the House came to its final vote upon the tariff of 1894. Mr. Wilson's motion was carried by a vote of 182 yeas to 106 nays. The affirmative consisted of 176 Democrats and 6 Populists; the negative of 94 Republicans and 12 Democrats.

Without pausing to take breath the House proceeded to pass the single bills placing coal, barbed iron wire, and sugar on the free list. Mr. Wilson in presenting them announced that he did so "by direction of the Democratic caucus." Probably this was a novelty in congressional procedure, for the usual source of bills is a committee of the body to which they are presented.[1] The only passage of importance in the debates on these several bills was the history given by Mr. Dingley, of Maine, of the

[1] Mr. Reed excited the laughter of his Republican colleagues by referring to the series of little bills as "those pop-gun tariff bills for which the gentleman from Illinois, Mr. Springer, was deposed from the Committee on Ways and Means."

making of the sugar schedule in the tariff of 1890, which the Democrats declared to be much more favorable to the sugar trust than the sugar clauses of their own measure.[1]

The tariff bill, having been passed in concurrence, was sent to the President. The country awaited his action with interest and curiosity. A veto was not expected, and opinion was divided upon the question whether he would sign the bill and send a message to Congress giving the reasons why, although giving it his official approval, he was dissatisfied with it, or would allow it to become a law by the expiration of the constitutional allowance of ten days without returning it to the House of Representatives. The President chose not to veto nor to approve it. The bill became a law on August 27, 1894.

The President made to Congress no explanation of his failure to act definitely upon the bill, but on the same day that the bill became a law without his signature he addressed to Representative Thomas C. Catchings, of Mississippi, a letter which was immediately made public. He expressed "the utmost disappointment" that he was denied the privilege of affixing his signature to a measure which should "embody Democratic ideas of tariff reform." "I do not claim," he remarked, "to be better than the masses of my party, nor do I wish to avoid any responsibility which, on account of this law, I ought to bear as a member of the Democratic organization." Nor would he separate himself from the party by vetoing "tariff legislation which, though disappointing, is still chargeable to Democratic efforts." But he found provisions in the bill which were "not in line with honest tariff reform," inconsistencies and crudities. "Besides, there were, as you and I well know, incidents accompanying the passage of the bill through Congress which made every sincere tariff reformer unhappy, while influences surrounded it in its

[1] The speech, which is too long to be quoted or even summarized in this place, may be found on page 8490 of the "Congressional Record."

later stages and interfered with its final construction, which ought not to be recognized or tolerated in Democratic tariff reform." Nevertheless, the President thought the bill presented "a vast improvement to existing conditions;" he believed that it would lighten many burdens, and that it would be both "a barrier against the return of mad protection," and a "vantage-ground for further aggressive operations against protective monopolies and government favoritism."

"I take my place," he continued, "with the rank and file of the Democratic party who believe in tariff reform and who know what it is, who refuse to accept the result embodied in this bill as the close of the war, who are not blinded to the fact that the livery of Democratic reform has been stolen and used in the service of Republican protection, and who have marked the places where the deadly blight of treason has blasted the counsels of the brave in their hour of might. The trusts and combinations, the communism of pelf, whose machinations have prevented us from reaching the success we deserved, should not be forgotten nor forgiven." The President repeated his argument for free raw materials, and urged that all who believed in the principles he advocated should "continue the struggle, boldly challenging to open warfare, and constantly guarding against treachery and half-heartedness in their camp."

Such is the legislative history, unique in the annals of Congress, of the act of 1894. The account of its progress through the two houses is so long that an apology seems to be due for occupying so much space with it. Yet many of the details, some even which might throw light upon the events recorded, have been omitted. The newspapers of the time contain numerous statements regarding the secret history of the act which seem reasonable and true, yet, as they are not well authenticated, they have been disregarded. The effort has been, in the preparation of

the foregoing presentation of the legislative history of the measure, to report nothing which is not a part of the public record. It is possible that the exclusion of facts which did not become public on adequate authority may have resulted in a view of the occurrences which is slightly distorted here and there, although not seriously incorrect as a whole. But it would require a whole volume to do complete justice to the proceedings of a few months. The author has endeavored to show the real difficulties encountered by the Democrats, and to exhibit the situation as it appeared to the members of that party, rather than the view of their political opponents.

For in truth the Democrats were placed in an attitude before the country which they could never have anticipated, although after the event it seems simple enough. Their original mistake was in declaring opinions in their national platform which were probably the real opinions of a small minority only of Northern Democrats. They announced the principle that duties levied with any other purpose than revenue were not warranted by the Constitution. Yet, to vary a well-known saying, if you scratch a Democratic revenue reformer in the right spot you will reveal the protectionist. It may be coal, or iron ore, or hides, or sugar, or rice, or tobacco, or silver-lead ore, or even wool, which the tariff reformer thinks should be taxed — because it yields a revenue, of course; it always happens that the article which thus appeals to him is a product of his own region, and he is strangely indifferent to an identical plea for a stiff revenue duty upon another article, put forth by a representative of the region where that article is produced. Senator Gorman brought out most clearly the fact that the Democratic party as a whole did not accept its own platform on the "paramount" issue, and did not venture to go before the country on it; that its candidate, in fact, greatly modified the radicalism of the platform. He, Mr. Cleveland, said Mr. Gorman,

"felt, as all his friends around him felt, that the extreme action in Chicago would put his election in jeopardy. He knew, just as the great captain on the other side, Mr. Blaine, had expressed it in 1884, that the declarations of a great national convention, consisting of hundreds of delegates, had no longer any weight with the American people. . . . Platforms were obsolete. It was the letter of the candidate accepting the nomination, and saying what he would do if elected, that the people accepted." Hence, he continued, Mr. Cleveland after consulting with his friends had "deliberately and wisely" followed all precedents and had said, "We will not destroy any industry; we will remodel the tariff; we will give lower duties; we will even the burdens on the people, and we will give freer raw materials — not free raw materials." [1] The political difficulties arose, first, because Mr. Wilson and his associates in the House, backed by a party majority which could disregard the defection of a considerable number of Democrats, took the national platform too literally; and, secondly, because the President by his tactless letter to Mr. Wilson made it impossible for the Democratic senators without humiliation to recede from their position.

It has been a common practice for Democratic speakers and writers to upbraid Republicans for inconsistency in maintaining that the act of 1894 was a blow at protection and the cause of the business depression prevailing at the time of its passage, and thereafter, and also that it was violative of the principles of the national platform because in many of its provisions it was framed expressly with a view to protection. There is manifestly no inconsistency in the simultaneous maintenance of both these assertions. But even if the two statements were incongruous, they would be no more so than were the judgments of Democrats upon their own bill. "The Gorman bill is not better than the McKinley," said Mr. Tom L. Johnson, of Ohio,

[1] "Congressional Record," p. 7867.

"measured even by the standard of rates. Most of its reductions are nominal reductions; reductions that are merely the taking of useless bricks off a wall which is left sufficiently high to give the beneficiaries of protection all the protection that a tariff can give. It is more fully and emphatically a trust bill than was even the McKinley bill."[1] On the other hand, Mr. McMillin, of Tennessee, on the same day as that on which Mr. Johnson uttered the sentences above, began his speech with the words, "a long and fierce battle has been fought and won," and in the course of the same speech he made the following statements which, although taken out of their connection, represent fairly the purport of his argument: "The Democratic party is not around apologizing for its action nor begging for its existence. It has withstood all temptation to desert the cause of the masses of the people and become the champion of the favored few." "The benefits to the farming community from this bill are incalculable." "We put this measure in contrast with the present law, and defy criticism of it by the comparison." "Instead of wondering that we have not accomplished more, I am sometimes astonished that we have been able to accomplish so much, when we see the odds against which we fought."[2]

Should the general criticism be made upon the treatment of the act of 1894 that it has been considered chiefly, almost exclusively, as an episode in political history, the answer is that it was that and nothing more. There is no doubt, and there is here no suggestion to the contrary, that a great proportion of the leading men in the Democratic party, particularly those in the Southern States, were and are sincerely and earnestly in favor of much lower duties than those which have been prevalent during the last forty years. Many of them are in favor of free trade. Whether their aim be low protection or abandonment of

[1] Appendix to the "Congressional Record," p. 1229.
[2] *Ibid.* pp. 1240 *et seq.*

the protective system, they believe that they are working for the best interests of the country, and for those of the wage-earners in particular. They are not more honest, more sincere, or more patriotic in motive than Republicans who advocate the protectionist cause, nor less so. Yet, partly because the Democratic party — like the Republican — contains a large contingent also of men who are concerned about the tariff merely as an "issue" upon which to gain a party victory, and partly because events so shaped themselves as to make it an essential point of party pride to enact some tariff law, — for these reasons the natural and proper arguments for and against a reduction or a readjustment of the tariff disappeared almost completely from the controversy. It became a matter of indifference whether the proposed law would or would not provide sufficient revenue. Indeed it was certain that it would result in a deficiency.[1] Nor, in the consideration of the bill after the "general debate" in the House, was anything heard, except casually, of lightening the burdens of the people. All tariff acts for many years have been to a large degree political measures, chiefly designed by their promoters to further the ends of party, and secondarily to benefit the country and advance its prosperity. The act of 1894 was more exclusively political in its aims than any other, not because those who made and passed it desired that it should assume that character, but because the diversity of their opinions forced them against their will into an unnatural conflict within the party.

[1] As it did during each of the three years it was in operation. Nevertheless a part, perhaps the whole, of the deficiency in 1896 and 1897 might have been made good if the income tax had been allowed to stand.

XVIII

THE DINGLEY ACT

During more than thirty years before the Civil War the tariff question was complicated politically with the contest over slavery. In the last decade of the nineteenth century it was involved with another issue — that of the free coinage of silver. The student of political history might find an interesting parallel in the course of the two great controversies that divided public sentiment, first between North and South, and then between East and West. In each case extreme views were held at the geographical extremes. In the midst was a broad region wherein conflicting opinions stood face to face with each other, and there the contest was waged most fiercely. In both cases the debatable ground was gradually narrowed until a line, having no breadth, separated more or less distinctly the regions where one opinion or the other held undisputed sway.

Although it is impossible to present a correct view of the tariff controversy without explaining its close connection with the silver agitation, yet it would be inappropriate to enter into details further than to make the situation intelligible. We can only suggest how, in the growth and culmination of the silver movement, one issue was played off against the other, and how in the end the alliance between free silver and free trade brought a crushing defeat to both. During almost the entire period of the extension of the silver movement the Democratic party made the tariff the chief issue in national politics. In the Eastern States the Democrats stood out against free silver

until 1896. In the central West they were divided; although in some of those States anti-silver prevailed, a majority of the Democrats of the whole region must be counted as favoring free silver. The extreme West and the entire South were strongly on the same side. It may be intimated without impeaching seriously the sincerity of the Southern Democrats that it was rather with a view to promote the solidarity of their party than from deep conviction that they placed themselves in a body on the side of free silver. However that may be, we find that as the difference in the relative values of gold and silver bullion increased, the demand for free coinage became more loud and persistent in the West and the opposition to it grew more determined in the East. A new party arose which offered a rich and varied programme of reform, financial, industrial, and social; and upon nothing did it insist with more emphasis and unanimity than upon the free coinage of silver. Since the Populists recruited their ranks abundantly from the Republicans and moderately only from the Democrats, in which party the cause of free silver was acquiring more and more strength, an alliance between the Democratic and the People's party was a political event to be expected. The history of third parties has repeated itself many times. At the beginning a new issue, which neither of the old parties has the courage to face resolutely, leads a certain number of persons to separate themselves from the organizations with which they have previously acted and to form the new party. The movement originates with the people and not with the politicians, and the candidates nominated by the new party are new men. As soon as the movement has developed enough strength to make the votes it can command an object of envy to the weaker of the two old parties, a period of coquetry begins. At first there is trading for positions on a fusion ticket by two independent parties, then there is a gradual drawing together of

the two parties, with nearly identical platforms and a common ticket, and in the end a complete absorption of the third party by its more powerful ally.

Such, at all events, was the history of the People's party. It exerted what is known in legal phrase as "undue influence" upon the Democratic party, to the extent of substituting its own will for that of the historic organization in two national elections; but in the end lost its identity in that of the older party, which shuddered as on awakening from a bad dream when it recovered from the hypnosis.

The "Farmers' Alliance," which developed into the People's party, contributed largely to the political overturn in 1890. Eight Populist members of Congress were elected, and two senators of the same party were chosen by State legislatures elected in that year. In 1892 the party held its first national convention, and added to the thoroughness of the Democratic victory at the presidential election. Its own candidate for President received more than a million popular, and twenty-two electoral votes. Its independent action and its alliances resulted in the loss by the Republicans of more than fifty electoral votes. As early as 1890 the Republicans were so alarmed by the unknown strength of the silver movement that they devised and passed the so-called Sherman act,[1] in order to show their friendliness to silver and to stifle the demand for radical legislation by conceding much less than was desired. Thereafter until the great campaign of 1896 the Republicans were excessively cautious in making platforms in any of the States where the silver sentiment was strong, lest they should offend and alienate any of the brethren who advocated free silver. The act of 1890 was a political measure, pure and simple.

[1] Although Mr. Sherman disclaimed responsibility for the measure and proved that he was not the author of it, yet it is convenient to specify the silver-purchase law by attaching his name to it.

It was not in accordance with the views of the free silver men, nor of the gold standard men, nor of the "international bimetallists;" and those who voted for it were exceedingly glad of an opportunity to repeal it, under Democratic leadership.

The connection between the silver and the tariff questions first became visible in 1894, when every Populist vote that was given in either House of Congress upon the Wilson-Gorman bill was recorded in favor of that measure. Thereafter, so long as free silver was a living issue before the people, the two political questions were inextricably involved with each other. The history of the last tariff act of the nineteenth century cannot be understood by any one who disregards or overlooks the action and reaction of the two issues.

One month after President Harrison signified his approval of the tariff act of 1890 the Republican party suffered the most crushing defeat it ever experienced. A little more than two months after President Cleveland permitted the tariff bill of 1894 to become an act without his approval the pendulum swung to the other extreme and the Democrats met with overwhelming disaster. The House of Representatives elected in 1894 consisted of 246 Republicans, 104 Democrats, and 7 Populists. Thirteen Democrats only were elected to represent districts in the Northern States, whereas no less than thirty-three Republicans were chosen in the South. The Senate contained 42 Republicans, 39 Democrats, and 5 Populists. The stars in their courses fought against the Democrats. The party was greatly demoralized by its failure to carry into effect its own declared principles. But the real cause of its overthrow in the elections was undoubtedly the condition of industrial distress and commercial depression which is always interpreted by the popular mind to the disadvantage of the party that happens to be in power. Time is required to dissipate the mists that obscure our

vision of recent events. The ultimate verdict of history will probably be that most of the evils which afflicted the country should be attributed to a variety of causes, rather permanent than temporary, unconnected with and uninfluenced by the conduct of parties or the acts of Congress; and that some of the evils were aggravated by the unwise silver legislation of the Republicans and by their lack of courage to deal with the currency problem according to their real convictions. Yet the Republicans profited by their own political error. The course of events gave them an opportunity to ascribe the deplorable condition of the country and the alarming situation of the Treasury to the long and almost fruitless agitation of the tariff question by their political opponents. They seized the opportunity and won a great victory for protection. Moreover, from that time onward until the Republicans had placed on the statute-book the most universally and comprehensively protective tariff ever enacted, and for the whole period of nearly six years during which, at the time of writing, that law has been in effect, the condition of the country, industrially, commercially, and socially, and the course of public events, national and international, have been almost uninterruptedly in their favor.[1]

In entering upon an examination of the steps which led to the passage of the Dingley tariff, it becomes important first of all to study the situation of the Treasury. The following table, in continuation and in partial repetition

[1] Nevertheless the tariff reformers did not think, even after the election of 1894, that the Republicans would venture to reënact the McKinley law. The New York "Nation" said, November 8, 1894: "We have no fear of a new McKinley tariff in consequence of this election. No reactionary tariff can become a law, in any case, within three years, and during that time the present law will have created business conditions powerfully opposed to McKinleyism. Moreover the Republicans are wiser now than they were when the McKinley bill was passed. They know that it is just as easy to turn the country over against themselves as it was in 1890 — just as easy as it was to turn it over this year."

of that presented in the preceding chapter, will show the fiscal condition : —

Year.	Net ordinary receipts.	[1] Net ordinary expenditures.	Deficit.
1892	$354,937,784	$345,023,330	[2] $ 9,914,454
1893	385,819,629	383,477,954	[2] 2,341,675
1894	297,722,019	367,525,280	69,803,261
1895	313,390,075	356,195,298	42,805,223
1896	326,976,200	352,179,446	25,203,246
1897	347,721,705	365,774,159	18,052,454
1898	405,321,335	[3] 443,368,583	38,047,248

The course of the foreign trade is shown by the following table : —

	Imports				
Year.	Free.	Dutiable.	Total.	Duty collected.	Exports.
1892	$457,990,658	$369,402,804	$827,402,462	$177,452,964	$1,030,278,148
1893	444,544,211	421,856,711	866,400,922	203,355,017	847,665,194
1894	379,795,536	275,199,086	654,994,622	131,818,531	892,140,572
1895	363,233,795	368,736,170	731,969,965	152,158,617	807,538,165
1896	369,757,470	409,967,204	779,724,674	160,021,752	882,606,938
1897	381,938,243	382,792,169	764,730,412	176,554,127	1,050,993,556
1898	291,414,175	324,635,479	616,049,654	149,575,062	1,231,482,330

During the four years from July 1, 1893, to and including June 30, 1897, which covered substantially the second administration of Mr. Cleveland, the total deficit was $155,864,184. As was explained in the last chapter Republican legislation was responsible for the huge deficit of seventy millions in the year 1893–94. The Democratic tariff would undoubtedly have given the Treasury a small surplus after the first year had not the Supreme Court declared the imposition of an income tax unconstitutional. Indeed, it may reasonably be maintained that if at the time normal conditions had prevailed it would have yielded sufficient revenue without the income tax. The silver agitation

[1] Including the interest on the public debt, which is not reckoned by the Treasury Department as a part of ordinary expenditures.

[2] Surplus.

[3] Including more than $40,000,000 of expenditure on account of the Spanish War.

and the still incomplete readjustment of industrial relations[1] discouraged large commercial enterprises and diminished importations. At the time when the Fifty-fourth Congress met there was the widest diversity of opinion as to the cause and the remedy of the prevailing depression. The free silver advocates believed that the admission of silver to the mint would solve the whole problem by giving prosperity to the people and an abundance of revenue to the Treasury. The Republicans held that the evils were a consequence of a badly adjusted tariff, and the remedy they proposed was a readjustment of rates and a restoration of protection. The President, and a considerable part of the Democratic party, chiefly in the Eastern States, laid the existing evils to serious defects in the currency system. They maintained that the infusion of silver in the money of the country was already so large as to put the Treasury in constant danger of failing to meet its obligations in gold, a danger which was increased by the operation of the law that required the reissue of greenbacks when received for dues to the government, or when redeemed. The argument was that the steady drain of gold from the Treasury, rather than the failure of revenue, caused widespread apprehension in commercial and financial circles, and prevented the return of prosperity which would have brought relief to the Treasury as well as to the people. From this statement it will be seen that any attempt, in the existing political situation, to apply a remedy to the existing evils was certain to be futile. For the President no longer had, if he had enjoyed at any time during his second term, commanding influence over the members of his party in Congress, and his recommendations were unheeded. The Republicans had a great majority in the House, but less than a majority in the Senate, where free silver was greatly in the ascendant. The free coinage men, for their part, could not pass a bill through the

[1] See the introduction to chapter XVI.

House, and even if they had been able to do so the President would have vetoed it.

The foregoing statement is merely a foreshadowing of what actually took place during the second half of Mr. Cleveland's administration. The President, as early as December, 1894, in his annual message, began urging Congress to reform the currency, and, particularly, to grant the administration power to issue gold bonds to maintain the redemption fund. He was then addressing the Fifty-third Congress, which had repealed the silver purchase act and passed the tariff act of 1894, and which was favorable to free silver, in both branches. Two influences were then operating to derange the national finances and continued so to operate so long as free silver was a menace. One of the influences was the excess of expenditures over receipts; the other was the depletion of the Treasury stock of gold by the presentation of greenbacks for redemption. The President and the Secretary of the Treasury persistently took the view that additional revenue was not needed. They called attention repeatedly to the operation of the law by which greenbacks "when received and redeemed in gold are not cancelled, but are reissued and may do duty many times by way of drawing gold from the Treasury. Thus we have an endless chain in operation, constantly depleting the Treasury's gold and never near a final rest."[1] When these words were written, one issue of bonds had already been made under the redemption act of 1875. On January 28, 1895, the President sent to Congress a special message, in which he appealed for authority to issue gold bonds. In a little more than a year $172,000,000 in gold had been drawn from the Treasury; the bonded debt had been increased by $100,000,000; and yet already the gold reserve had "again reached such a stage of diminution

[1] Annual Message, December 3, 1894. "Messages and Papers," vol. ix. p. 553.

as to require its speedy reënforcement." The President rejected the idea that "a simple increase of revenue will cure our troubles. . . . There need be no fear that we cannot pay our current expenses with such money as we have. There is now in the Treasury a comfortable surplus of more than $63,000,000, but it is not in gold, and therefore does not meet our difficulty."

Congress having done nothing for the relief of the Treasury, the President sent another special message on February 8, notifying the negotiation of another loan, receivable by the United States in gold coin, the proceeds of which would amount to about $65,000,000. The rate of interest was to be four per cent., but the lenders were willing to accept three per cent. bonds payable specifically in gold, if an issue on those terms should be authorized by Congress within ten days. Although the Republicans supported the measure almost in a solid body, the proposition to authorize gold bonds failed.

In his message at the beginning of the Fifty-fourth Congress, in December, 1895, the President set forth, at great length, the situation as it appeared to him. For the most part his argument was an elaboration of that which has been quoted already. He urged in the most emphatic terms the passage of an act providing for the retirement by funding of the entire volume of greenback notes. The passages in the message which most concern us are as follows: —

> Perhaps it is supposed that sufficient revenue receipts would in a sentimental way improve the situation by inspiring confidence in our solvency and allaying the fear of pecuniary exhaustion. And yet through all our struggles to maintain our gold reserve there never has been any apprehension as to our ready ability to pay our way with such money as we had. . . .
>
> On July 1, 1892, more than a year and a half before the first bonds were issued to replenish the gold reserve, there was a net balance in the Treasury, exclusive of such

reserve, of less than $13,000,000, but the gold reserve amounted to more than $114,000,000, which was the quieting feature of the situation. . . .

It is possible that the suggestion of increased revenue as a remedy for the difficulties we are considering may have originated in an intimation or distinct allegation that the bonds which have been issued ostensibly to replenish our gold reserve were really issued to supply insufficient revenue. Nothing can be further from the truth. Bonds were issued to obtain gold for the maintenance of our national credit. . . . At no time when bonds have been issued has there been any consideration of the question of paying the expenses of Government with their proceeds. There was no necessity to consider that question. At the time of each bond issue we had a safe surplus in the Treasury for ordinary operations, exclusive of the gold in our reserve. In February, 1894, when the first issue of bonds was made, such surplus amounted to over $18,000,000; in November, when the second issue was made, it amounted to more than $42,000,000, and in February, 1895, when bonds for the third time were issued, such surplus amounted to more than $100,000,000. It now amounts to $98,072,420.30.[1]

Inasmuch as this message and a special message transmitted a fortnight later,[2] presently to be noticed, were the basis of attempted action by the Republicans in Congress, it is necessary to examine briefly the attitude of the President and of the Republican party. Mr. Cleveland held that the steady drain upon the Treasury gold was the sole cause of evil, that more revenue was not needed, and that the proceeds of the bonds sold had not been applied to the expenses of government. The Republicans maintained that more revenue was needed and that the bond sales would have been unnecessary had receipts been equal to expenditures. An examination of the facts will show that both were half right and half wrong. It was

[1] "Messages and Papers of the Presidents," vol. ix. pp. 650, 651.

[2] December 20, 1895. "Messages and Papers," p. 659.

absolutely necessary, in order to protect the gold reserve in a time of financial apprehension, to prevent the repeated redemption of greenbacks; but even if that had been done, an issue of bonds would have been necessary; and although the purpose of issuing bonds was to restore the redemption fund, the proceeds were, to a large amount, used in paying the expenses of government.

The President is authority for the statement that at the beginning of the fiscal year 1892–93 the Treasury had available funds amounting to $13,000,000 beside the reserve of $114,000,000. During that year there was a surplus of two and a third millions, making the total sum upon which the Treasury could draw to meet current expenses on July 1, 1893, a little more than $120,000,000. During the next two years there was a gross deficit of more than $112,000,000, and in three years, up to June 30, 1896, the deficit was $138,000,000. Had there been no issue of bonds, how would the deficiency have been met? Or, consider what was the source of the surplus exclusive of the gold reserve of which the President speaks. Clearly it consisted of greenbacks offered for redemption in the gold provided by the sale of bonds. It is a nice distinction to say that bonds were not sold to provide funds to supply insufficient revenue, when it is a fact that greenbacks received in exchange for gold purchased with those bonds were afterward used to meet current expenses.

On the other hand, it is true that a balance between revenue and expenditure would not have removed the special danger of an exhaustion of the gold reserve, the peril against which Mr. Cleveland fought long and courageously. This is shown by the statement made by him, quoted above, that in February, 1895, when the third issue of bonds was pending, there were funds in the Treasury, exclusive of the gold reserve, of more than one hundred millions. The sum named is to be compared with

the thirteen millions of available funds on July 1, 1892; and the excess of eighty-seven millions is in round numbers the amount which would have been taken from the gold reserve had receipts and expenditures balanced each other. In other words, the provision of adequate revenue would not have prevented the gold reserve from falling to thirty-three millions. Mr. Cleveland and the Republicans acting together would not have been able to carry either measure of relief — either a breaking of the endless chain or an increase of revenue. But it is an illustration of the tendency among public men to blind themselves to the merits of measures suggested by political opponents that they took on this occasion an attitude of mutual hostility.

On the 20th of December, 1895, when Congress had been in session but little more than a fortnight, the President sent to the two houses a special message in which, after stating that there had been large recent withdrawals of gold from the Treasury, which, with the further drain that seemed inevitable, "threaten such a depletion in our government gold reserve as brings us face to face to the necessity of further action for its protection," urged that Congress should "not take a recess from its labors before it has by legislative enactment or declaration done something not only to remind those apprehensive[1] among our own people that the resources of their government and a scrupulous regard for honest dealing afford a sure guaranty of unquestioned safety and soundness, but to reassure the world that with these factors and the patriotism of our citizens the ability and determination of our nation to meet in any circumstances every obligation it incurs do not admit of question." Although he did not specify the form which he wished the relief of the Trea-

[1] The President's meaning in the use of the word "apprehensive" is clear when taken in connection with the general argument, but the phrase is an unfortunate one. He wishes Congress so to act as to remind those who are apprehensive as to the maintenance of the credit of the government that the resources, etc.

sury to take, he had already explained his views on that point. The Republicans in Congress did not agree with him. They offered him more revenue and a temporary revision of the tariff.

Mr. Thomas B. Reed, of Maine, had been chosen once more as Speaker; and in view of the pressing need of financial legislation he had made an early appointment of the Committee on Ways and Means. Mr. McKinley, the former chairman of the committee, was now governor of Ohio, having been elected to that office by an immense majority. The Speaker appointed Mr. Nelson Dingley, a representative from his own State of Maine, as chairman of the committee, and the selection was in every quarter recognized as being fully justified by the ability, the experience, and the high character which Mr. Dingley brought to the position. In ordinary circumstances it would have been regarded as a political mistake that the Speaker and the chairman of the most important committee should be taken from the delegation of a State which contained a population sufficient to return four members only.

The committee, on December 26, reported a bill imposing on wool sixty per cent. of the duties assessed in the act of 1890, and making an addition of fifteen per cent. to the duties imposed by the act of 1894 on a large number of manufactured articles. The bill included a proviso that no duty should exceed that laid by the act of 1890. In view of the urgency of the President's appeal and the real need of prompt action, a special rule was reported and adopted, under the operation of which the bill was brought to a vote at five o'clock on the same day. After four hours of debate it was passed by a vote of 228 to 83. The Senate referred it to the Committee on Finance, which contained a nominal majority of Republicans, but which for the time being was more strongly in favor of free silver than in favor of an increase of the

revenue by means of the tariff. The committee voted to recommend the adoption of a substitute for the House bill in the form of a measure for the free coinage of silver, and it instructed its chairman, the venerable Senator Morrill, of Vermont, to report the substitute to the Senate. Mr. Morrill was unalterably opposed to free silver, and performed the duty imposed on him with sadness. The bill was never taken up by the Senate with a purpose seriously to dispose of it. On several occasions notice was given of an intention to move that it be taken up for action, but the motion was defeated in every case. Mr. Teller, of Colorado, who was the leader of the Silver Republicans, was inflexible in his opposition. He told the Republicans that they never had any idea that their measure could become law; that they were aware that though the Senate were to pass it the President would veto it; that they were merely manœuvring for a political advantage. He intimated as plainly as he could without stating it explicitly that the advocates of silver were as well able to insist that their own remedy for the evils afflicting the Treasury was the only one that could pass Congress, and to carry their point, as were those Republicans who held that additional revenue was the panacea. The bill lay on the table during the whole term of the Fifty-fourth Congress, save that at intervals during both sessions free silver senators asked that the bill be laid before the Senate in order that they might make speeches on the silver question.

The spring of 1896 was a season of unusual political perplexity. Ever since the overturn in 1894, betokening a return of popular sentiment in favor of protection, the Republicans had been counting upon a presidential canvass in which the often-contested question of the tariff would be the issue, in which also they were confident of an overwhelming victory. There were two prominent candidates for the Republican nomination, Governor William

McKinley, of Ohio, and Speaker Thomas B. Reed, of Maine. But from the beginning of the preliminary canvass Major McKinley led his competitor. Indeed, long before the selection of delegates to the national convention began, the catching phrase "Bill McKinley and the McKinley Bill" was a popular cry in the great central Western States, as a slogan for the canvass of 1896. Forceful, able, and competent as Mr. Reed was, and his fitness was universally admitted, the peculiar appropriateness of making Mr. McKinley the candidate in a canvass the object of which was to reënact the law with which his name was linked, or to enact a law similar to it, appealed strongly to the fancy of the people; and the nomination was made by a great majority.

But the silver issue would not down. The resolute champions of the white metal were determined that the people of the country should declare themselves definitely on the question of free coinage which had been agitated so long and which both the great parties had evaded. In the Democratic party the contest was waged fiercely. Conventions in the East either adopted resolutions in favor of the gold standard or "straddled" the question. In the far West the Democratic conventions pronounced emphatically in favor of free silver. The great struggle was in the central West, and there, although a few States resisted the silver movement, the aggressive advocates of free coinage generally carried the day; and it was made clear that the national convention would put into its platform a resolution in favor of silver the meaning of which could be mistaken by no one.

The fact that the Democrats proposed to make their canvass upon an explicit demand for free coinage, and the evidence that they intended to frame the rest of their platform in such a way as to satisfy the Populists and to leave them no excuse for making independent nominations, put a new phase upon the presidential canvass.

Issues were to be presented which the Republicans must meet. If free silver were to be the chief issue Mr. McKinley became a less desirable candidate than in a campaign to be fought over the tariff, for his own record was not free from a certain taint of silver. Moreover, there were still timid men in the front rank of the Republican army; and the bravest of them were face to face with the fact that a declaration against free silver as explicit in its terms as the Democratic declaration in its favor was sure to be, would probably cause the defection of the entire Republican party in the mining States, and would leave little chance of obtaining a single electoral vote from the Rocky Mountains westward to the Pacific coast. Nevertheless it was necessary to take the step. The Republican national convention adopted a platform reaffirming "allegiance to the policy of protection as the bulwark of American industrial independence and the foundation of American development and prosperity," and declaring opposition "to the free coinage of silver, except by international agreement with the leading commercial nations of the world, which we pledge ourselves to promote, and until such agreement can be obtained the existing gold standard must be preserved." The adoption of the platform was followed by the withdrawal of thirty-four delegates from the convention, led by Senator Teller. The secession included four United States senators and two representatives in Congress, the most or all of whom subsequently acted with the Democratic party and never rejoined their former Republican associates.

The anticipation that the Democratic convention was to make the silver issue "paramount" was fulfilled three weeks later. The silver wing obtained an overwhelming victory over the minority, and secured the adoption of a platform which not only demanded "the free and unlimited coinage of both silver and gold at the present legal ratio of sixteen to one without waiting for the aid or consent

of any other nation," but relegated the tariff question to the background by the declaration that "until the money question is settled we are opposed to any agitation for further changes in our tariff laws except such as are necessary to meet the deficit in revenue caused by the adverse decision of the Supreme Court on the income tax." The convention also adopted many of the distinctive tenets of the Populist creed, and thus made it easy for the convention of that party to adopt as its own the candidate of the Democrats, Mr. William J. Bryan, of Nebraska, whose record in advocacy of free trade and free silver left nothing for the most radical to desire.

An extraordinary campaign ensued. In its early stages the Republicans endeavored to make the tariff the chief issue, and Mr. McKinley chose it as the principal topic of his numerous speeches to the crowds of pilgrims who journeyed to his home in Canton, Ohio, to pay their respects. But it could not be. Mr. Bryan, the candidate of the Democrats and Populists, went through the country from end to end preaching the free silver gospel. It became so evident that the people were interested in the silver question, and were for the time being not concerned about the tariff; it was so clearly an evidence of party timidity and weakness not to meet squarely the issue presented by the Democrats; and the leaders of the Republicans were so impressed with the high importance of maintaining the gold standard; that the tariff gave way to the free coinage issue and the election ultimately turned upon that almost exclusively. Thousands upon thousands of the most earnest tariff reformers supported Mr. McKinley by voice and vote. In the extreme West a remnant only of the Republican party was held to political loyalty by devotion to the protective system.[1]

[1] It is not unlikely that the electoral votes of North Dakota, Oregon, and California — eight of its nine votes — were saved to Mr. McKinley by the protectionist sentiment in those States.

It is probable also that in other parts of the country there were many men — many in the aggregate, but not many in proportion to the number of those whose action was swayed by their opinion on the silver question — who, although moderate silver men, voted the Republican ticket because they were first of all protectionists.

At no election in the history of the United States have popular majorities on one side and the other been so great as they were in 1896. The five States of New York, Pennsylvania, Illinois, Massachusetts, and Wisconsin gave an aggregate plurality of 972,000 to Mr. McKinley; the much smaller States of Texas, Alabama, Mississippi, Arkansas, and Colorado, gave Mr. Bryan pluralities that aggregated 545,000. The general result was a plurality for McKinley of more than 600,000, a clear majority of nearly 300,000, on the popular vote; an electoral majority of 95; a House of Representatives having 202 Republicans, 130 Democrats, and 25 Populists and Silver Republicans; and after the 4th of March, 1897, a Senate composed of 46 Republicans, 34 Democrats, and 10 others, variously classed, but all supporters of Mr. Bryan.

The way was thus made clear for the Republican party to carry its political plans into execution. In its national platform it had made known its purpose to enact a tariff conformable to its traditional principles, and to maintain "the existing gold standard" until an international agreement for the free coinage of silver should be obtained. Which of the two party pledges should it first fulfil? It was notorious that a great number of Democrats who were opposed to the McKinley law had voted for Mr. McKinley, and it was urged by them and in their behalf that the first duty was to take up the matter which they deemed most pressing and on which, as the paramount issue of the canvass, the people had declared their wishes most plainly. But it was said in opposition to this view that so long as the Republicans were in control of the administration

there was no danger whatever that the country would be allowed to fall to a silver basis. Moreover, the party having a majority of Congress had twice within the last six years been defeated in the general elections upon a tariff that had just gone into effect. It was therefore deemed the part of wisdom to hold an extraordinary session for the purpose of passing a tariff law, to postpone the money question to the regular session, and to appeal to the country in 1898 for approval of an act relating to the monetary standard, on which question the party was sure of popular support. The plan was adopted. President McKinley, two days after taking the oath of office, issued a proclamation summoning Congress to meet on the 15th of March, 1897. Mr. Reed, of Maine, was again chosen Speaker. On the first day of the session the President sent a message to the two houses, in which, after reciting briefly the financial situation, — an aggregate deficiency, in three years and eight months ended March 1, 1897, of $186,061,580, an issue of $262,315,400 of bonds, and an increase of more than $11,000,000 in the annual interest charge, — he declined to discuss the question whether sales of bonds would have been necessary had the revenue been sufficient. In any event, he remarked, "the debt would have been decreased in at least the amount of the deficiency, and business confidence immeasurably strengthened throughout the country."

Taking this view the President asked Congress to provide ample revenue, and "in raising revenue duties should be so levied upon foreign products as to preserve the home market so far as possible to our own producers; to revive and increase manufactures; to relieve and encourage agriculture; to increase our domestic and foreign commerce; to aid and develop mining and building; and to render to labor in every field of useful occupation the liberal wages and adequate rewards to which skill and industry are justly entitled."

Immediately after the reading of the message Mr. Dingley introduced a bill "to provide revenue for the government and to encourage the industries of the United States," which was referred to the Committee on Ways and Means. The Speaker thereupon announced the committee, at the head of which he placed Mr. Dingley. Thus, on the first day of the session the whole of the machinery for the formation of a tariff bill was put in motion; and the bill itself, based upon protracted hearings during the session of the Fifty-fourth Congress which ended a fortnight before, by a committee practically unchanged, was submitted for the formal approval of the new committee. The majority of the committee was fully agreed upon the measure, and on the 19th Mr. Dingley reported it to the House. The Committee on Rules presented a resolution providing that the bill should be taken up for consideration on the 22d; that there should be four days of "general debate" at day and evening sessions; that from March 26 until three o'clock on the 31st the bill should be open to amendment in Committee of the Whole, amendments of the Committee on Ways and Means to have the preference; and that at the hour just named the final vote should be taken on the passage of the bill. There was the usual protest on the part of the minority that the time allowed was too short, and that the method of procedure proposed was unfair; but the resolution was adopted by a party vote.

No great tariff act has had a more uneventful legislative history than that of the act of 1897. Its friends seemed entirely able as they were fully determined to pass it in a form satisfactory to themselves. The opposition realized the futility of resistance; and all the members dreaded a long session reaching into the hot days of summer. Nevertheless the consideration of the measure lasted four months, seven eighths of which time was consumed by the Senate.

Mr. Dingley opened the debate in a speech which was

similar in substance to the report of the majority of the committee. Inasmuch as the great feature of the then existing tariff was free wool, he made much of the disastrous result of the experiment. The importation of wool in 1896 was three times as much as in 1893, and the quantity of woollen manufactures imported was twice as great; yet the revenue from the articles named in the wool schedule was diminished almost one half — the receipts having been only $23,000,000, a loss of $21,000,000. "In other words," he said, "by placing wool on the free list and reducing the duties on the manufactures of wool, the Treasury lost $21,000,000 of revenue, our farmers lost a market for the 80,000,000 pounds of wool which they raised in 1892 in excess of what they raised in 1896–97, as well as nearly ten cents a pound in price, involving a loss to them of nearly $30,000,000 per annum on this one farm product; and our manufacturers and their workingmen lost a market not only for the goods which foreign imports had supplanted, but also a market for the goods which the farmers and masses of the people were able to purchase in 1893, but which they could not buy in 1896 because of a loss of employment and purchasing power." At the same time, he remarked, it had been demonstrated that free wool did not effect an increase of an exportation of woollen manufactures, but that it had been followed by an increase in the importation of shoddy. Not to discuss the question whether all the evils mentioned were a direct consequence of the wool and woollens schedule in the act of 1894, it seems to be beyond question that some of them were. At all events it is a fact that during the continuance of that act both wool growing and wool manufacturing suffered more severely than did most industries from the depression of the time.

Mr. Dingley's summary of the provisions of the bill brought out the following features: that in general the duties imposed were lower than those laid by the McKinley

act; that the iron schedule was substantially that of the existing law, but that the duty on tin plate was fixed at 1.5 cents per pound, as compared with 1.2 cents by the existing law, and with 2.2 cents imposed by the act of 1890;[1] that the cotton schedule was for the most part the same as that of the act of 1894; that the earthenware, glass, and agricultural schedules effected a restoration of the 1890 rates; that the duties on flax and linen were increased beyond the rates of 1890, with a purpose to encourage flax growing and the linen manufacture; that the duties were also increased on luxuries like liquors, tobacco, silk, and laces; that wool, lumber, salt, burlaps, bags, cotton-bagging, and cotton-ties were restored to the dutiable list; and that in the other schedules the duties were between those of 1890 and those of 1894. He estimated the probable increase of revenue from the operation of the measure at $113,000,000.

"General debate" followed the usual course. It was enlivened by a witty speech by Mr. Dolliver, of Iowa.[2] Mr. Richardson, of Tennessee, presented statistics to show that the low duty on tin plate assessed by the act of 1894 had not destroyed the industry, and that the American production was larger and the importation smaller in 1896 than in 1893. Mr. Wheeler, of Alabama, brought forward an elaborate statement intended to prove the inaccuracy of Mr. Dingley's statement that the proposed duties were less than those of the McKinley law. Mr. Richardson also made a tabular statement to the same effect. Both these tables were made up by the conversion of specific into ad valorem rates. For example, Mr. Dingley said truthfully that the agricultural schedule of 1897 was identical with that of 1890. Mr. Richardson said, truth-

[1] Mr. Dingley explained that it was believed that under the new conditions, the manufacture of tin plate having been established, the rate proposed was sufficiently protective.

[2] "Congressional Record," first session, Fifty-fifth Congress, pp. 191 *et seq.*

fully also, that the average rate of duty in that schedule was 33.17 per cent. under the act of 1890, and 39.94 per cent. under the bill of 1897. The explanation lies in the fact that the prices of the articles named in the schedule had declined, and the rate of duty was the same, or more, according to the point of view from which one looks at it. In fact, prices generally had declined during the preceding three years, and the Democrats were therefore able to allege an increase of duties. As they, like the Republicans, were speaking for the benefit of party, they omitted to explain the arithmetical process by which they arrived at their conclusions. Mr. Hopkins, of Illinois, — among others, — pointed out the misleading character of percentages by a striking example. The rate of duty on steel rails in 1866 was 45 per cent.; in 1895, under the Wilson-Gorman tariff, it averaged 53.89 per cent. Yet the duty on a ton of steel rails in 1866 was $74.70, and in 1895 it was only $7.84.[1]

The consideration of the bill by paragraphs, for the purpose of amendment, began March 26. Attempts were made by several members and in various ways to obtain the insertion of a clause putting on the free list articles imported in competition with the productions of "trusts" controlling the manufacture in this country. All such attempts were defeated. The opening paragraph of the bill having survived the attacks made upon it, the Committee of the Whole began the consideration of Schedule A, "Chemicals, Oils and Paints." The order of arrangement of tariff bills, placing the chemical schedule first, has an important effect upon the consideration of these bills by the House of Representatives. The schedule enumerates articles between seventy-five and one hundred in number, as to almost every one of which there is a wide diversity of opinion. Inasmuch as the time for discussion is usually limited by a special rule, it follows that a series

[1] "Congressional Record," p. 395.

of long debates over the duty to be laid upon acetic acid, borax, prussiate of potash, and similar articles cuts short the time that can be given to a consideration of the duties on sugar, woollen goods, iron, glass, and the other classes of goods of much greater importance than acids and dyestuffs. So it was in 1897. Two days of the five allotted to general amendment were consumed in discussion of the first schedule, and then the Committee on Ways and Means exercised its privilege of offering amendments, which had precedence over the propositions of other members; and these amendments occupied so much time that the reading of the bill for amendment by private members proceeded a few paragraphs only into the glass schedule, "B." Consequently, the Democrats had no opportunity to make a single motion to reduce the duties on wool and woollens, sugar, or any other of the much-controverted dutiable articles. Inasmuch as the committee had a right to propose amendments to any part of the bill, there was a chance for brief discussion on the subjects of tin plate, iron, wool, and hides. The committee had not recommended a duty on hides, although the Western members were strongly in favor of removing them from the free list. Democrats, Populists, and some Republicans joined in urging that a protective duty be put upon them, and it was intimated that the committee looked after New England interests in this case rather sedulously, to the detriment of the West. But no amendment was offered by the committee, and none was in order when offered by others than members of the committee.

The most important amendment was one which — if it had not been rejected by the Senate, and if it had been sustained by the Supreme Court — would have made the measure retroactive. It provided that the rates of duty on all articles imported between the 1st of April and the time of the passage of the act should be those imposed by the bill, unless the goods so imported had been purchased

and ordered to be shipped to the United States prior to the 1st of April. The reason for the amendment was quite obvious. In anticipation of the passage of an act raising duties, importation was taking place on a large scale. The amendment probably served its purpose in discouraging such attempts to evade the higher duties, but it is a grave question if the right to place a lien upon goods imported before the passage of an act to raise the duty upon them would have been sustained by the courts.

The bill was brought to a vote on March 31. The House sustained the retroactive amendment adopted in Committee of the Whole, by yeas 201, nays 140. It refused to recommit the bill with an instruction to place on the free list articles controlled by trusts, by yeas 148, nays 197. It then passed the bill by yeas 205, nays 122. Three only of the Populists voted against the passage of the bill; all the others, to the number of 21, answered "present," thus refusing to vote. Five Democrats, three from Louisiana and two from Texas, gave their votes in favor of the bill.

In the Senate the bill was referred as usual to the Committee on Finance, by which it was reported on May 4, with numerous amendments. It was taken up on May 25, when Mr. Aldrich explained at length the character of the changes proposed, and the effect of the amended bill upon the finances. The amendments were mostly reductions of the rates proposed by the House, but Mr. Aldrich said that the majority of the committee did not think that they had "gone in any instance below the protective point." Their idea was to retain protection, but to carry it out "in a conservative spirit, and that such a moderate and reasonable measure should be adopted as will insure a much greater degree of permanence to our tariff legislation." He expressed the belief that it was "thoroughly understood throughout the country in the last political campaign that if the Republican party should be again entrusted

with power, no extreme tariff legislation would follow." [1] The committee estimated à customs revenue of $269,105,170, based upon the importations of 1896, an increase of $113,479,793 over the actual customs revenue; but owing to the enormous imports of wool,[2] sugar, tobacco, and other articles, in anticipation of an increase of duties, the bill was expected to yield during the first year of its operation, only $182,744,000. The amendments proposed by the Finance Committee may be summarized briefly: On chemicals the duties were to be lower than those imposed by the act of 1890; in the earthenware and glass schedule the rates were lower than those sanctioned by the House, and lower than the rates under the act of 1890, but higher than under the act of 1894; the metal schedule was on the whole lower than that of the law of 1894; for sugar a system of compound duties was proposed, the bearing of which Mr. Aldrich explained at great length, and as to which he remarked that "it is undoubtedly true that every sugar refiner of the United States would greatly prefer the existing law to either the House or the Senate proposition;" many changes were made in the wool schedule, an important feature of which was a reduction of the "compensatory" duty on the cheaper grades of goods into the manufacture of which other materials than wool enter, more or less; and a duty was proposed to be laid on hides.

Mr. Vest, who opened the debate for the Democrats, made a general criticism upon the bill, and commented in detail upon some of its features; but he declared that he and his friends did not intend to make factious opposition to it. "I think that I state the feeling of every one on

[1] "Congressional Record," p. 1227.

[2] The imports of wool into the three principal ports in the first four months of the fiscal year 1896–97 were 203,451,434 pounds, against 224,803,620 pounds during the whole year 1895–96, when they were larger than ever before.

this side of the chamber when I say that if our friends can bring relief, if they can shed light upon our darkened path, I shall hail that light with joy, no matter in whose hands the lamp may be. . . . Give prosperity to the country, relieve the people, and for myself I shall give the meed of praise where it belongs, and shall gladly accept the result, no matter from what source it comes."[1]

There was no "general debate" upon the bill. On the 26th of May the reading of the bill for amendment was begun. As usual, the chemical schedule was taken first, and many amendments by the Committee on Finance reducing duties from the House rates were adopted, not only as to chemicals, paints, and oils, but also in the earthenware and metals schedules. After a few days a change came over the scene. The plans of the Republican leaders were overturned as those of the Democratic leaders had been three years before, — not so much by "insurgents" in their own ranks as by senators who were more in favor of silver than of a protective tariff. The Committee on Finance was composed of six Republicans, six Democrats, and Mr. Jones, of Nevada, who then classed himself as a "Silver Republican," and who had supported Mr. Bryan for President. Mr. Jones held the balance of power in the committee; and the Republican majority in the Senate was so narrow that it was necessary to make concessions to the silver element. Accordingly, soon after the 1st of June, the Committee on Finance frequently withdrew its amendments proposing reduction of duties, and in other cases offered amendments increasing duties, with the general result that when the Senate had gone through the bill the general scale of duties was higher than that in the House bill instead of lower, as the committee had originally designed it should be. Mr. Aldrich, who had begun the management of the bill, was in a seriously impaired state of health, and at the

[1] "Congressional Record," p. 1240.

beginning of June was compelled to return home to Rhode Island for a long rest. He did not appear in the Senate again until the day on which the bill was passed. Meanwhile, the conduct of the bill was entrusted to Mr. Allison, of Iowa.

Inasmuch as most of the leading senators had been members of the Senate or of the House when the acts of 1890 and 1894 were passed, the discussion of duties on specified articles was much more intelligent and pertinent than some earlier debates. The Democratic senators — among others Messrs. Vest, Jones, of Arkansas, and White, of California — were alert, and argued in favor of lower duties with much force. In urging the retention of the existing duty on tin plate and protesting against an increase, they brought forward official statements to show that the American manufacturers already controlled the home market. It is true that when the protective duty was first laid on the article they had scouted the idea that tin plates could be made in the country. They now maintained that the development of the industry was due to improved and cheaper methods of manufacturing steel billets. Nevertheless, those improvements were introduced by American steel-makers under the encouragement of a protective tariff; and the tin-plate industry was established by the same means. The Republican senators recognized the fact that less protection was needed in 1897 than in 1890, by fixing the duty at 1.4 cents per pound, instead of 2.2 cents as in the act of 1890. The rate in the act of 1894 was 1.2 cents.

There were long debates upon lumber, sugar, and especially upon wool.[1] Not a little friction was developed on

[1] Also upon coal. The act of 1897 placed a duty upon "all coals containing less than 92 per cent. of fixed carbon." The clause was intended to exclude "Welsh anthracite," which is semi-bituminous. During the coal famine in the winter of 1902–03, caused by the great coal strike, it was stated, on what should be competent authority, that the duty on anthracite was inserted "by a trick." The discussion on the question

the subject of the duties on third class (carpet) wools, between Republican senators. Some of those who represented wool growing States resented the refusal of the Finance Committee to fix the rates as high as they deemed necessary; and dark hints were dropped that unless the clause should be made acceptable to them, the bill would not pass. The senators who had formerly been Republicans, but who had seceded from the party, felt free to vote for or against protection, not as a system, but according as the clause under consideration did or did not affect their constituents. They were for protection on hides and wool; but the necessity of adequate duties on manufactured goods did not appeal to them. The political complications, on the whole, were not important. The Republicans were not able to carry out their original plan to reduce duties below the scale fixed by the House, but, having yielded something to Western demands, they were sure that the bill would be passed.[1] The Populist and Silver Republican vote was to be withheld, as it had been in the House of Representatives. The bill was brought to the final vote on July 7 and was passed by yeas 38, nays 28. Mr. McEnery, of Louisiana, Democrat, voted for the bill; the minority was composed exclusively of Democrats. Six Populist and Silver senators withheld their votes, and were not paired.

The bill was sent at once to a conference committee,

covers five pages of the "Congressional Record;" the purpose and the reason of the amendment were fully explained by Senators White and Perkins, of California (p. 2147), and the amendment was adopted by a yea and nay vote of 31 to 24. More than 60 senators were present when the vote was taken.

[1] A certain ray of light is thrown upon the political situation by the fact that the roll-call immediately preceding that on the passage of the bill resulted in a Republican defeat. Under the lead of Mr. Stewart, of Nevada, the duty on cyanide of potassium, which is used in the extraction of the precious metals from the ore, was cut down one half. The Democrats, together with the senators from the mining States, carried the amendment by a vote of 34 to 32.

which had to consider no less than 872 amendments made by the Senate. The report was made to the House on July 19. About four fifths of the Senate amendments were agreed to. The general result was that the higher rate of duty was that finally adopted, so that the bill as it was passed established higher rates than either the House or the Senate bill. The conference report was adopted by yeas 187, nays 116. In the Senate the Democratic members insisted upon a reading of the report of the committee in full and upon an explanation in detail of the effect of all important amendments. Several days were consumed in this way and in final speeches on the tariff question, in which the Republican senators did not take part. On July 24 the conference report was adopted by yeas 40, nays 30. As before, the Populist and Silver senators did not vote. On the same day the Dingley act was signed by President McKinley.

The political conditions under which the act of 1897 was passed and the commercial and industrial conditions that have prevailed during the years it has been in operation have been as favorable to its success as those conditions which applied to the two preceding acts were unfavorable. The party which had inscribed tariff reform on its banner practically abandoned the cause when it substituted free silver for the former "paramount" issue. Whether or not the shifting of its position be regarded as a confession of the hopelessness of success in a new campaign for lower duties, the declaration in the platform of 1896 that the tariff must wait until the money question was settled removed all fear that the Dingley act would be assailed, as the McKinley act had been, before it should have a fair test. In any event a large body of the sincere tariff reformers held such strong opinions in opposition to free coinage that they would not, even to promote a cause which they had so much at heart, entrust power to men who were bent first of all upon interference with the

standard of money. Then the Spanish War broke out and supplied the opposition with another "paramount" issue, that of so-called "imperialism," and the tariff question receded still further into the background. For almost five years after the enactment of the present tariff there was hardly a symptom of a disposition on the part of any influential group of politicians to reopen the perennial controversy. In the canvass of the year 1900 the Democrats inserted a casual allusion to the tariff. They declared that the Dingley law was "a trust-breeding measure, skilfully devised to give to the few favors which they do not deserve, and to place upon the many burdens which they should not bear;" and they announced the principle that "tariff laws should be amended by putting the products of trusts on the free list, to prevent monopoly under the plea of protection." Both these declarations, it will be observed, relate to a campaign against "trusts" rather than to one against the protective system. The tariff was not even a secondary issue, and the subject was hardly mentioned during the canvass.

Meanwhile prosperity had returned to the country. Good crops, an ample market, and high prices rewarded the efforts of the farmers, and enabled them to pay off a vast amount of mortgage indebtedness which they had been tempted to wipe off with a free silver sponge. Every avenue of commerce was crowded, every industry was full of activity, every branch of trade felt the impulse of good times. Such are not the conditions that drive men to seek changes in the tariff laws. Indeed, they lead rather to a disposition to attribute too much importance to the law which seems to them to have produced results so satisfactory. In 1897 the country was ready for a season of great prosperity. The industrial revolution already mentioned as a check to activity was substantially completed. The uncertainty as to the monetary standard was dispelled. In short, all things were made easy for the success of the

tariff. The act of 1897 did not make prosperity possible, nor did it create prosperity. Undoubtedly it added largely to the benefits the country would have enjoyed had the act of 1894 been undisturbed. After all — it is a truism — a narrow margin separates success from failure. In a business enterprise, when once the margin is on the right side, every addition is wholly profit. It cannot be doubted that the Dingley act gave an enormous increment to the profits of American commerce and labor, which would, in any event, probably, have been satisfactory.

Although the rates of duty are higher under the existing law than they have been under any preceding tariff, none of the evils usually ascribed by free traders to the system of protection have been realized. In fact a careful analysis of the experience of the United States with that system, and particularly with the concrete example of it known as the Dingley act, reveals an almost unbroken series of contradictions of the principles which the orthodox political economists are accustomed to set forth as theorems. Protection has not ruined the foreign trade. Importations increased under the McKinley act; they were stationary or declining under the Wilson-Gorman act; they increased again under the Dingley act, and in 1902 were not only greater than in any former year, but were nearly one sixth more than in the year of largest importations under the act of 1894. Moreover it is generally true, taking the statistics from the foundation of the government, that importations have increased at a more rapid rate when the so-called restrictive system was in full force than when duties have been low. The only exception is our experience under the act of 1846, and it would probably be true even of the Walker tariff if we could eliminate the effects of the great influx of gold from California during the period that law was in effect. It is not suggested that the object of a protective tariff is to encourage importations, — rather the contrary is true; but that the general

effect is to increase and to diffuse wealth, and thus to create conditions that lead to larger importations.

Again, the theorem that a nation will not or cannot buy from another country which maintains a high tariff against its productions is falsified by the history of American trade with any and every other country. Brazil does not import from the United States goods to the amount of one sixth of our importations from Brazil, although nearly all Brazilian products enter American ports free of duty. Great Britain imports from the United States four times the value of the goods it exports hither, yet almost every British production enters our ports heavily laden with duty. These are extreme cases, on the one side and on the other, but there is no case that supports the theory now under consideration. Trade seldom poses as a patriot. Canada offers a preferential tariff reduction of one third to the mother country, yet Canada buys from the United States much more than from Great Britain, and its trade with its Yankee cousins increases much more rapidly than with its nearer relative across the water.

Nor has the erection of a "Chinese wall" shut out our goods from other markets. The framers of the Wilson bill, in 1893, offered the nation "the markets of the world" if it would establish the system of low duties. They were not able to carry out their plans in full, yet under the law which they did pass the exports in the most successful year exceeded by less than two per cent. the exports in 1892 under the McKinley act; whereas in the most thoroughly protective régime ever known, the exports have averaged thirty per cent. more than the maximum under the act of 1894. This is the time, too, of "the American invasion" of England, the home of free trade, with our steel bridges, our locomotives, our boots and shoes, our electrical equipments, and a great variety of other closely protected articles. The fluctuation in quantity and value from year to year of the export of many classes of mer-

chandise, is in no sense and in no degree attributable to tariff laws. Cotton, breadstuffs, provisions, tobacco, petroleum, — as to all these the amount of the supply, the urgency of the foreign demand, and the price, determine both quantity and value of export. The actual test, therefore, of the free trade contention should be made by studying the statistics of the exports of manufactured goods. The following table shows the increase in the value of exports of all manufactured articles, and of the leading classes of articles, during the last thirty years and the amount at three intervening periods.[1] The statement necessarily contradicts one or the other of two free trade maxims: that a protective tariff results in an addition of the foreign price and the import duty, to make up the home price; or, that men buy in the cheapest market.

	1873.	1880.	1890.	1897.	1902.
All manufactures .	$88,789,758	$102,856,015	$151,102,376	$277,285,391	$403,890,763
Iron manufactures	11,119,831	22,826,528	25,542,208	57,497,872	98,552,562
Copper manufactures	259,076	849,218	8,402,628	31,621,125	41,218,373
Cotton manufactures	2,947,528	12,951,145	9,999,277	21,037,678	32,108,362
Leather manufactures	5,305,494	6,760,186	12,438,847	19,161,446	29,798,323
Wood manufactures	19,119,802	16,237,376	28,274,529	39,624,800	47,779,848

The enumeration of principles, held by political economists of the orthodox English school to be unquestionable, which fail when brought to the test of American experience, might be extended; but it is not necessary. The American people are fully convinced that under the conditions in which they have been living the protective system has added immensely to their wealth, their pros-

[1] The year 1873 is chosen as a starting-point because, although the period of thirty years is thereby shortened by one year, the value of exports of manufactures was in 1873 the largest in any year up to that time, and the comparison is therefore less open to criticism than would be one based on the exports of 1872. The years 1880 and 1890 are selected as the ends of decades; 1897, as the last year under the Wilson-Gorman act; and 1902 as the latest year reported.

perity, and their industrial independence. They do not hold that the protective system is absolute truth, *quod semper*, *quod ubique*, *quod ab omnibus*, but that it has been good for them, and that at present it is good for them. They do not maintain that the present or any other tariff act is perfect, sacred, and unchangeable, nor that protection must always be the best system for their country. They legislate for the conditions under which they find themselves. They see no reason now to abandon a policy under which the land has moved into the front rank of commercial as well as of manufacturing nations. When the conditions change and a reconsideration of policies is required, they will be ready to face the situation.

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